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ABSTRACT

Under New Mexico's constitution, the State Land Office administers 9 million acres of surface and 13 million acres of mineral rights for its beneficiaries. Each acre of land or mineral rights is designated to a specific beneficiary, with public schools receiving most of revenues. This annual report for fiscal year 1999-2000 details these revenues and their distribution and describes agency efforts to preserve the lands, provide outdoor and environmental education opportunities for New Mexico's schoolchildren, and pursue mixed-use development compatible with local communities' needs and desires. In fiscal year 2000, the agency distributed over $295 million: 82 percent to public schools, 8 percent to special schools, 3 percent to higher education, and 7 percent to hospitals and other beneficiaries. The agency works together with schools and other interest groups to raise public awareness about land conservation programs and issues and to make trust lands available as outdoor classrooms. Agency personnel help prepare lessons plans, assist with outdoor instruction, and present an annual award to an outstanding participating teacher. Staff have identified about 50,000 acres of trust lands as suitable for development. The most prominent development project is Mesa del Sol, near Albuquerque, intended as an innovative model for sustainable community development. This report includes extensive financial details; lists of past commissioners, advisory board members, and award-winning teachers; legislation and policy developments; and strategies to protect nonrenewable assets and sustain the land. (SV)

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Our Land Our Trust Our Future

Preparing for Tomorrow

New Mexico State Land Office Annual Report
Fiscal Year 1999-2000

Ray Powell, M.S., D.V.M.
Commissioner of Public Lands

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Karin Stangl, Editor
Della Gutierrez, Financial Data

New Mexico State Land Office
310 Old Santa Fe Trail
PO Box 1148
Santa Fe, NM 87504-1148

Helen Gaussoin, Design

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Message from the Commissioner

Preparing for Tomorrow

Life is change, and New Mexico is changing rapidly. Some of us view change with alarm and fear. Others see change as natural, charged with opportunities and excitement. Most of us are uncertain of how to prepare for tomorrow. How we approach change is entirely up to us.

In many cases government, by its very nature, responds to change in a reactive manner. In contrast, successful citizens and businesses seek out ways to be proactive. Thoughtfully laying the groundwork today ensures that the needed foundation for success is in place to build a healthy tomorrow.

In the last seven years, I have steered our State Land Office policy toward preparing for the future. Our goals have been to optimize revenues for our school children, be innovative in using our land to benefit current and future New Mexicans, and protect and improve the health of the land.

Adapting to a continually changing economic and social structure requires proactive investment in the future. It requires living off the interest rather than consuming our natural capital. It requires that we strive to increase our responsiveness to our urban citizens while preserving and enhancing the economic viability of our state's rural communities. It requires that we work hard to improve the health of our most important asset, our lands.

One of the many projects that I have implemented here at the State Land Office to respond to our changing world is the **Community Development Partnership Program.** We initiated this effort in 1998, and it has realized numerous success stories this past year. We are partnering with our urban and rural communities and the private sector to create new jobs for our children and grandchildren, good housing, outstanding recreational opportunities statewide, and new revenues for the state trust, all at the same time.

Some of these success stories include the Mesa del Sol Amphitheater, Mesa del Sol Regional Recreation Complex, the Mesa del Sol Master Planned Community, our partnership

Ray Powell, M.S., D.V.M.

The responsibility for managing the trust lands lies with Commissioner of Public Lands Ray Powell. Elected to a second four-year term in November 1998, Dr. Powell previously served as special assistant to Governor Bruce King for environment, natural resources, health and recreation before being appointed Commissioner of Public Lands in May 1993. He is the immediate past president of the Western States Land Commissioners Association.

As the commissioner of public lands, Dr. Powell acts as trustee and chief fiduciary officer of the trust, managing its assets to maximize income to the beneficiaries.

Dr. Powell is a native of Albuquerque and received his bachelor's and master's degrees from the University of New Mexico in anthropology, biology, botany and plant ecology. He received a doctorate in Veterinary Medicine from Tufts University with an emphasis on wildlife rehabilitation.

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in the Sandia National Laboratories Science and Technology Park and La Semilla Nature Park, in Albuquerque. We have helped create recreational opportunities in other parts of the state, specifically in Santa Fe and Silver City. We have made possible affordable housing projects in Sunland Park, Santa Fe, and other areas. We have laid the foundation for major business centers in Las Cruces, Santa Fe and Albuquerque. **Our outreach efforts span the entire state of New Mexico.**

However, we are not forgetting the established industries that have long provided the bulk of the revenues generated from the state trust lands, such as the oil and gas industry. New and more environmentally friendly exploratory technologies and enhanced extractive techniques are creating a whole new wave of opportunity for this important industry. This is in contrast to older technologies and methods that used enormous amounts of fresh water and left serious environmental scars.

Known reserves of oil and gas promise a bright future for our state for many years to come. Yet, we must also explore new possibilities, like our Community Development Partnership Program, to broaden and strengthen our economic base. This will ensure that we are not as vulnerable to global price swings, over which we have no control.

We have also worked hard to make sure the school children get their fair share of revenue. We have accomplished this by ensuring that we collect all the money owed and that we do the best job possible in maximizing these revenues through wise investments.

One example is the State Land Office Crude Oil Royalty Project. So far, twelve companies have paid a total of $17.7 million in additional payments. We have been pursuing investigations of "non-arms-length" crude oil pricing practices among major producers. These transactions typically involve affiliated or wholly owned companies. These were fair settlements, which prevented having to use our school children's resources to pay for expensive legal action had we taken this to court.

Another example is the State Land Office CO_2 Royalty Project. We have recently embarked on legal action to collect tens of millions of dollars owed from unpaid royalties.

A third example involves a change in our advance royalty earnings. We distributed an additional $9.5 million in supplemental earnings to the state's public schools and other educational institutions in 2000. The additional earnings are the result of a shift to longer-term investment of funds on deposit in the State Land Office's escrow accounts over the past six years. In 1994, funds were shifted from "overnight" deposits, where they earned low returns, to the higher-interest, longer-term investment pool administered by the State Investment Office. The funds appreciated by nearly 84 percent since their shift.

As we assess the changes impacting our great state, one of the most obvious is that we are becoming more and more urban. Many of our urban citizens have limited opportunities to experience the natural world directly. Their connections to those who produce agricultural or other natural resource products, and understand their importance, is becoming more and more abstract.

Through our Outdoor Classroom Program, land exchange initiatives and other outreach efforts, we have worked hard to create opportunities that reconnect our citizens with our diverse cultural and natural environment in New Mexico. **This is good public policy as well as sound economic planning.**

We continue our commitment to position the state trust strategically, so we make the best use of the opportunities our lands provide for today's citizens and New Mexico's future generations. This means that we manage trust lands in ways that ensure their long-term health and productivity while keeping our communities strong. **The bottom line is — the states that take the best care of their natural world have the best jobs, strongest economies, and the best quality of life for their citizens.**

Ray Powell

Our Vision

To be the nation's model for state trust land management, providing for current and future revenues to our beneficiaries, and ensuring the long-term health and productivity of the state trust lands for future generations of beneficiaries.

Our Core Values:

- ★ We work for education
- ★ We respect the environment
- ★ We work as a team, and we value teamwork
- ★ We pursue the highest standards of ethical behavior
- ★ We are customer oriented
- ★ People are our most important resource
- ★ Creativity and innovation are valued
- ★ We are committed to excellence
- ★ Leadership, empowerment and accountability are essential

Executive Summary

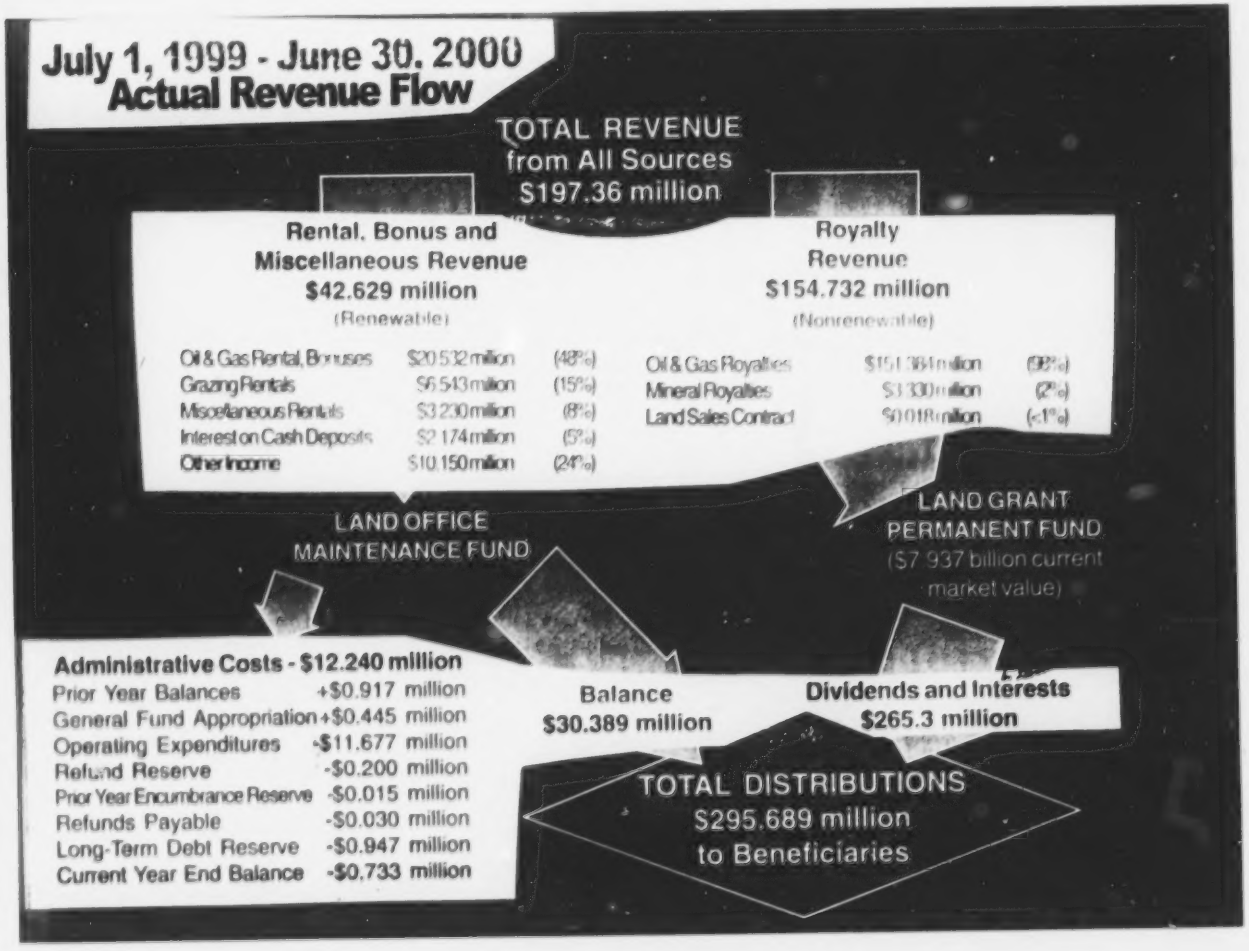
Commissioner
Ray Powell, M.S., D.V.M.

Deputy Commissioner
Dennis Hancock

Assistant Commissioners
Bob Jones, Surface Resources
Larry Kehoe, Mineral Resources
Jens Deichmann, Commercial Resources
Harry N. Relkin, Community Development
Karin Stalgi, Communications
Olivia Jaramillo, Special Projects
Education
Administrative Services Director
John Gallegos
Daryl Schmaltzbach
General Counsel
Mary Hoffman

Expanding Our Vision

Shortly after the dawn of the new millennium in January, State Land Office staff reviewed some of our historical documents. Among those documents was the State Land Office's annual report for the year 1900. In it, Commissioner Alpheus E. Keen, in a message that sounds like it might have been written today, stressed the role of the State Land Office in providing some $46,000 for the education of New Mexico's children – money that the state's taxpayers did not have to pay.



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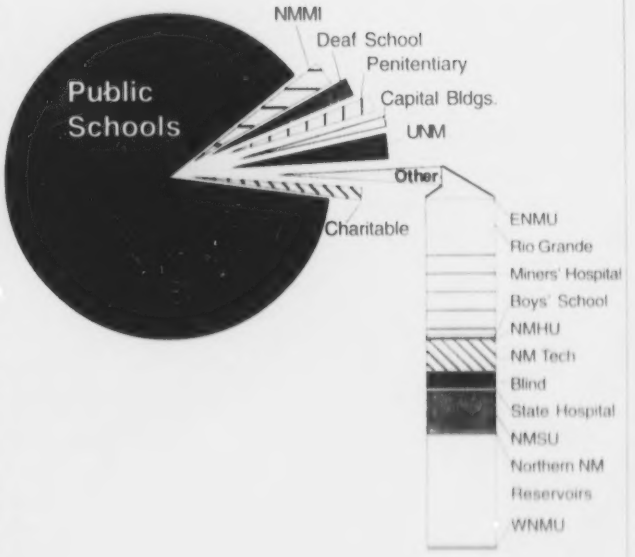
Royalty Revenue Deposited into the Permanent Fund

Beneficiary	Royalty Allocations
Capital Buildings	$1,787,065.00
Carrie Tingley Hospital	$0.00
Charitable Penal & Reform	$1,635,324.21
Eastern NM University	$50,372.00
Miners' Hospital of NM	$1,518,725.61
NM Boys' School	$0.00
NM Highlands University	$14,342.00
New Mexico Military Institute	$4,565,436.12
NM School for the Deaf	$3,290,436.93
NM School for the Visually Handicapped	$3,290,521.92
NM State Hospital	$137,646.03
New Mexico State University	$602,046.39
NM Tech	$298,534.50
Northern New Mexico Community College	$14,378.00
Penitentiary of New Mexico	$3,230,665.67
Public Schools	$129,472,108.76
Rio Grande Improvements	$178,357.22
University of New Mexico	$3,236,551.76
UNM Saline Lands	$0.00
Water Reservoirs	$1,394,861.98
Western New Mexico University	$14,342.00
TOTAL	**$154,731,716.10**



The State Land Office's contributions to education have increased enormously over the intervening century, and the staff is proud to continue our mission of helping to develop the state's most important resource – the children – while reducing the burden on our taxpayers.

Under New Mexico's constitution, the State Land Office is responsible for administering 9 million acres of surface and 13 million acres of mineral rights for its beneficiaries. Each acre of land or mineral right is designated to a specific beneficiary, with public schools receiving about 90 percent of the total. The State Land Office strives to maintain a balanced approach to administering our state trust lands, one that maximizes returns to the beneficiaries while preserving the lands – and the diverse plants and animals that inhabit them – for future generations of New Mexicans.

New Mexico is very fortunate that much of its state trust land lies in the oil-rich Permian basin. As a result, much of State Land Office revenue comes from royalties on the production of oil and gas. This royalty revenue, along with revenue from mining activities, the

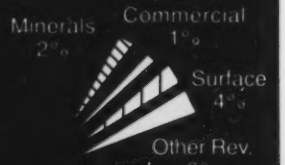
"New Mexico's public schools depend upon the Land Grant Permanent Fund to sustain quality education today and in the future for all the children of our state.

"We depend on the stewardship of the State Land Office to provide improving opportunities for students in every school district and school. The State Board of Education, educators and families throughout New Mexico greatly appreciate the diligence of the State Land Office in assuring public lands that sustain the Land Grant Permanent Fund are well cared for and remain productive.

"They truly work for education."

Michael Davis
State Superintendent
of Public Instruction

Total Revenues by Resource Category



Oil & Gas	$171,950,691
Minerals	$3,408,963
Commercial	$1,461,952
Surface	$8,213,965
Other Revenue	$12,324,844

sale of land, and any other activity that depletes trust resources, is deposited to the land grant permanent fund, where it is invested for the beneficiaries.

New Mexico's state trust lands also include an abundance of rich grasslands and many parcels of land that lie adjacent to our growing communities. The leasing of these lands, particularly when coupled with responsible and environmentally sound development of the parcels with commercial potential, generates a significant amount of additional revenue for our beneficiaries. Revenues from sources such as these, which do not permanently deplete our trust assets, are distributed through the state land maintenance fund directly to the beneficiaries. The Legislature appropriates a portion of these revenues each year for the operation of the State Land Office.

While strong oil and gas markets generated significantly higher royalty revenues this year, other State Land Office initiatives also were bearing fruit. Prior to 1995, long-term advance royalties were kept in overnight deposits to ensure liquidity. Realizing that turnover in these deposits was very low, the State Land Office shifted them to the State Investment Council's investment pool. As a result of the council's capable management of these funds and a strong market, they had earned $9.5 million by February 2000. The earnings were distributed to our beneficiaries in May.

The State Land Office also continued its highly successful efforts to resolve its claims against a number of oil producers for understated royalty payments over the past decade. Working with the oil companies rather than resorting to lengthy and expensive litigation, the State Land Office

Permanent and Maintenance Fund Distributions to Beneficiaries Table

Beneficiary	Permanent Fund Distribution	Maintenance Fund Distribution	FY00 Total Distribution
Capital Buildings	$3,283,328.54	$565,664.54	$3,848,993.08
Carrie Tingley Hospital[1]	$0.00	$1,793.63	$1,793.63
Charitable, Penal & Reform[2]	$1,786,189.94	$1,080,846.98	$2,867,036.92
Eastern NM University	$296,853.90	$67,967.71	$363,821.61
Miners' Hospital of NM	$3,059,472.63	$188,274.58	$3,247,747.21
NM Boys' School	$22,140.30	$22,326.11	$44,466.41
NM Highlands University	$80,587.99	$41,013.90	$121,601.89
New Mexico Military Institute	$9,631,146.94	$965,795.25	$10,596,942.19
NM School for the Deaf	$5,778,919.23	$314,990.46	$6,093,909.69
NM School for the Visually Handicapped	$5,765,003.70	$324,156.67	$6,089,160.37
NM State Hospital	$677,649.88	$118,681.02	$796,330.90
New Mexico State University	$1,176,702.48	$586,443.80	$1,763,146.28
NM Tech	$524,524.33	$182,258.98	$706,783.31
Northern New Mexico Community College	$55,600.71	$23,638.41	$79,239.12
Penitentiary of New Mexico	$5,601,255.52	$437,716.97	$6,038,972.49
Public Schools	$219,455,206.09	$23,814,500.55	$243,269,706.64
Rio Grande Improvements	$935,888.90	$95,385.54	$1,031,274.44
University of New Mexico	$4,471,667.45	$591,588.17	$5,063,255.62
UNM Saline Lands	$23,405.96	$0.00	$23,405.96
Water Reservoirs	$2,593,789.57	$925,069.88	$3,518,859.45
Western New Mexico University	$81,267.94	$40,905.42	$122,173.36
TOTAL	$265,299,802.00	$30,399,018.57	$295,698,820.57

(1) Carrie Tingley Hospital owns no developed mineral resources. Therefore, it has received no royalties and has no permanent fund of its own. However, it owns a one-seventh share of the assets assigned to the Charitable, Penal, and Reform beneficiary.

(2) Several institutions own equal shares of the lands and permanent funds for the beneficiary identified as Charitable, Penal and Reform. The rentals, royalties, and permanent fund distributions for this beneficiary are shared equally by Carrie Tingley Hospital, Las Vegas Medical Center, Los Lunas Hospital, Miners'-Colfax Medical Center, Penitentiary of New Mexico and New Mexico Boys' School.

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recovered an additional $8,055,000 in royalties and accrued interest on these claims in fiscal year 2000. We expect to distribute these settlements early in fiscal year 2001.

The State Land Office made significant progress on the statewide asset inventory and management program, which will produce a comprehensive inventory of all state trust land. This will be invaluable in making state land impact decisions. Staff completed inventories of biological habitat, archaeological and paleontological sites, and natural resources by collecting information from already existing sources, including databases at universities and museums in New Mexico.

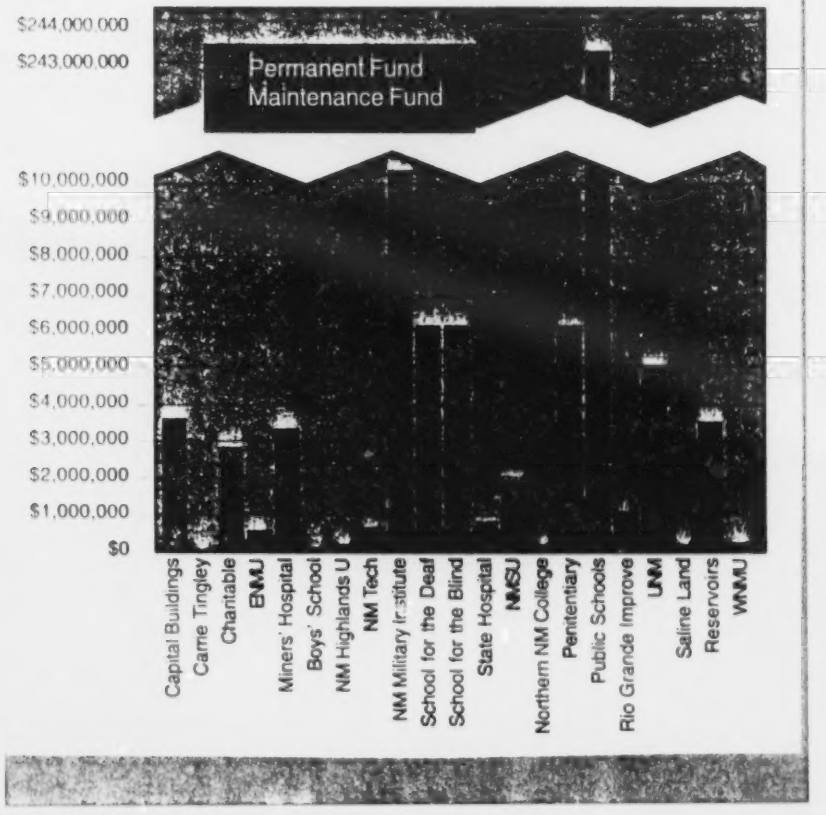
The State Land Office made great strides in establishing partnerships with communities around the state. Staff worked with communities to plan how the land could be used to optimize revenues for school children while enhancing the economic viability and quality of life for rural and urban communities. Success stories are outlined in more detail in later sections.

Progress continued at the flagship planned community, Mesa del Sol in Albuquerque. Mesa del Sol is an ambitious planned community, just south of the Albuquerque International Airport, located on 12,400 acres of state trust land. The award-winning master plan passed through the Albuquerque Environmental Planning Commission in spring of 1999 and is on its way to a hearing before the full city council, possibly as early as this fall.

Construction was completed in June on the 16,000-seat Mesa del Sol Amphitheatre for performing arts and community events. Unfortunately the Governor

Permanent and Maintenance Fund Distributions to Beneficiaries Chart

2000 Fiscal Year



Total Distributions by Beneficiary Type

Public Schools	$243,269,707
Higher Education	$8,243,427
Special Schools	$22,780,012
Health	$4,045,872
Other	$17,349,603

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Past Commissioners

The first land commissioner, Alpheus A. Keen, was appointed. The second commissioner, Robert P. Ervien, held the post both as an appointed official and an elected official.

Ray Powell has been the Commissioner of Public Lands since May 1993. His predecessors, their political parties and their terms:

Alpheus A. Keen (R)	1899-1906
Robert P. Ervien (R)	1907-18
Fred Muller (D)	Oct.-Dec. 1918
N.A. Field (R)	1919-22
Justiniano Baca (D)	1923-25
E.B. Swope (D)	1925-26
B.F. Pankey (R)	1927-29
Austin D. Crile (R)	1929-30
J.F. Hinkle (D)	1931-32
Frank Vesely (D)	1933-36
Frank Worden (D)	1937-40
H.R. Rodgers (D)	1941-44
John E. Miles (D)	1945-48
Guy Shepard (D)	1949-52
E.S. "Johnny" Walker (D)	1953-56
Murray E. Morgan (D)	1957-60
E.S. "Johnny" Walker (D)	1961-64
Guyton B. Hays (D)	1965-68
Alex J. Armijo (D)	1969-74
Phil R. Lucero (D)	1975-78
Alex J. Armijo (D)	1979-82
Jim Baca (D)	1983-86
W.R. Humphries (R)	1987-90
Jim Baca (D)	1991-93

Revenue by Source Fiscal Years 1996-2000

Income - Source	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Fiscal Year 1999	Fiscal Year 2000	00 over(under) 99
RENTALS						
Sand & Gravel (M)	$8,920.00	$9,438.93	$4,925.00	$5,060.00	$4,406.00	($654.00)
Sand & Gravel Interest (M)	$0.00	$491.04	$0.00	$0.00	$0.00	$0.00
Special Use Agreement (M)	$0.00	$640.00	$800.00	$1,600.00	$1,880.00	$280.00
Potash (M)	$19,410.45	$17,810.45	$17,810.45	$13,842.23	$7,499.00	($6,343.23)
Grazing (S)	$6,552,141.45	$6,338,267.08	$6,123,784.52	$6,079,888.56	$6,542,963.90	$463,075.34
Salt (M)	$690.00	$690.00	$665.00	$365.00	$450.00	$85.00
Coal Rental (M)	$95,025.00	$100,610.00	$84,390.00	$97,315.00	$66,000.00	($31,315.00)
General Mining (M)	$39,424.00	$19,055.92	$32,425.84	$9,050.00	$7,767.92	($1,282.08)
Shut-in Royalty (O/G)	$92,302.90	$61,448.62	$49,930.80	$57,991.85	$57,037.51	($954.34)
Oil & Gas Rental (O/G)	$1,920,112.36	$1,900,845.59	$1,932,931.94	$1,902,329.20	$1,903,653.07	$1,323.87
Oil & Gas Interest (O/G)	$3,034,625.64	$302,320.72	$14,904,299.68	$9,853,800.00	$776,596.28	($9,077,203.72)
Oil & Gas Bonuses (O/G)	$10,392,727.36	$11,927,165.10	$468,250.00	$2,468,515.47	$17,794,484.56	$15,325,969.09
Seismic Permits (O/G)	$0.00	$127,280.00	$242,265.00	$78,710.00	$35,270.00	($43,440.00)
Business Leases (C)	$553,816.82	$843,903.25	$1,035,540.25	$938,479.19	$1,137,551.30	$199,072.11
Business Lease Interest (C)	$788.85	$15,059.35	$1,130.09	$4,344.11	$9,442.22	$5,098.11
Billboards (C)	$63,502.00	$64,578.00	$52,551.38	$75,142.14	$24,026.72	($51,115.42)
Geothermal Rental (M)	$1,865.00	$1,770.00	$1,770.00	$1,770.00	$1,770.00	$0.00
Water (S)	$135,972.88	$147,359.00	$150,830.00	$199,505.95	$193,685.35	($5,820.60)
Salt Water (C)	$53,125.00	$67,300.00	$44,970.00	$62,905.00	$33,205.00	($29,700.00)
Rights-of-Way (S)	$2,540,444.05	$1,871,812.61	$1,569,362.60	$1,685,617.23	$1,466,143.40	($219,473.83)
Right-of-Way Interest (S)	$1,805.69	$0.00	$0.00	$0.00	$0.00	$0.00
Land Contract Interest (C)	$14,280.75	$12,112.81	$968.95	$900.99	$1,321.95	$420.96
Land Contract - Penalty (C)	$0.00	$107.69	$5.00	$0.00	$10.00	$10.00
Gas Storage Units (C)	$123,906.22	$98,404.09	$111,126.28	$129,413.33	$238,572.65	$109,159.32
Fuel Wood (S)	$0.00	$850.00	$0.00	$0.00	$117.74	$117.74
SUBTOTAL	**$25,644,886.42**	**$23,929,320.25**	**$26,830,732.78**	**$23,666,545.25**	**$30,303,854.57**	**$6,637,309.32**
OTHER						
Fees & Copies (O)	$302,514.88	$312,559.35	$351,116.12	$402,714.55	$378,319.55	($24,395.00)
Sales & Advertising (O)	$0.00	$0.00	$0.00	$0.00	$4,471.98	$4,471.98
Interest on Cash Deposits (O)	$1,707,702.53	$1,537,123.68	$1,523,825.08	$1,439,087.96	$2,174,381.58	$735,293.62
Office Space Rent (O)	$1,100.00	$100.00	$0.00	$0.00	$0.00	$0.00
Other	$54,687.65	$29,289.99	$36,227.47	$99,990.58	$267,671.30	$167,680.72
Income from Investments	$0.00	$0.00	$0.00	$0.00	$9,500,000.00	$9,500,000.00
SUBTOTAL	**$2,066,005.06**	**$1,879,073.02**	**$1,911,168.67**	**$1,941,793.09**	**$12,324,844.41**	**$10,383,051.32**
TOTAL (Rental + Other)	**$27,710,891.48**	**$25,808,393.27**	**$28,741,901.45**	**$25,608,338.34**	**$42,628,698.98**	**$17,020,360.64**
ROYALTY						
Sand & Gravel (M)	$723,029.78	$599,127.04	$888,117.10	$812,936.48	$720,658.10	($92,278.38)
Potash (M)	$1,315,000.17	$1,658,009.69	$925,160.37	$508,329.90	$657,484.78	$149,154.88
Salt (M)	$37,305.57	$55,728.07	$51,226.15	$28,865.58	$54,753.08	$25,887.50
Caliche (M)	$0.00	$280,074.16	$333,551.57	$174,804.87	$217,252.75	$42,447.88
Coal (M)	$1,911,241.00	$1,886,653.00	$355,363.00	$1,217,780.00	$1,665,040.89	$447,260.89
General Mining (M)	$10,000.00	$20,000.00	$0.00	$3,200.00	$4,000.00	$800.00
Oil & Gas (O/G)	$95,794,963.94	$143,007,278.50	$127,228,296.52	$101,866,628.49	$151,383,649.94	$49,517,021.45
Land Contracts (C)	$353,703.38	$234,567.52	$165,201.02	$576.00	$17,822.12	$17,246.12
Water (S)	$9,511.19	$3,146.24	$16,837.83	$6,122.66	$11,054.44	$4,931.78
Geothermal (M)	$16,200.00	$21,493.75	$16,800.00	$22,693.75	$0.00	($22,693.75)
SUBTOTAL	**$100,170,955.03**	**$147,766,077.97**	**$129,980,553.56**	**$104,641,937.73**	**$154,731,716.10**	**$50,089,778.37**
GRAND TOTAL	**$127,881,846.51**	**$173,574,471.24**	**$158,722,455.01**	**$130,250,276.07**	**$197,360,415.08**	**$67,110,139.01**

***Revenues are ...ted as "M" for Minerals, "C" for Commercial, "O/G" for Oil and Gas, "S" for Surface, and "O" for Other.

vetoed a $1 million appropriation to improve road access to the new facility.

Also at Mesa del Sol, progress continued in the design and implementation of La Semilla on the eastern border of Mesa del Sol, the future home of the Dr. William C. Martin Native Plant Garden, Arboretum, and Horticultural Research Station. Drought-tolerant plants will be grown at La Semilla, which means "The Seed" in Spanish, for use throughout the planned community. The site also will include the Dr. Loren D. Potter Urban Ecological Field Station that will monitor the effects of urbanization on the natural world and provide Mesa del Sol planners with information on how to leave the lightest possible human footprint. An additional facility at the site will be the Environmental Education Center, which will give visitors of all ages an opportunity to learn about and interact with the natural world. All of these endeavors are being accomplished with the help, coordination, and cooperation of a number of entities including the U.S. Department of Energy and the Biology Department at the University of New Mexico.

The State Land Office continued to strengthen relationships and increase cooperation with key land users and interest groups. Commissioner Powell continued quarterly meetings with the State Land Office's advisory councils on agriculture, the environment, the oil, gas and mining industries, and sportsmen.

The State Land Office also pushed forward on negotiations with the Bureau of Land Management for land exchanges of state trust land within the boundaries of existing national parks, monuments and wilderness study areas for federal lands that have the potential to earn additional revenue to support education for the future of the children of New Mexico.

In short, fiscal year 2000 has been a good one for the State Land Office, the beneficiaries of state trust lands and the citizens of New Mexico. Commissioner Powell and his staff look forward to working with all the citizens of the state during the coming year.

Seeds of Learning: La Semilla

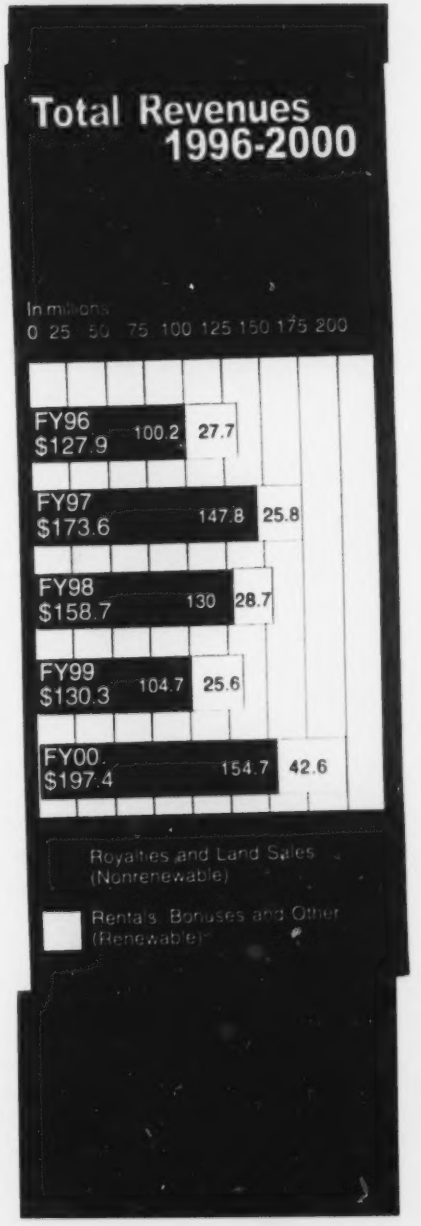
La Semilla, Spanish for "The Seed," is a unique site a mile wide and 4.5 miles long between Mesa del Sol's eastern boundary and Kirtland Air Force Base.

This 2,880-acre refuge is a special place where all New Mexicans can directly experience, enjoy and learn about the natural world. Bicycling, horse and walking trails will connect the various elements of La Semilla with the extensive trail system of Mesa del Sol.

La Semilla will be home to the one-square-mile William C. Martin Native Plant Garden, Arboretum and Horticulture Research Center. It will also contain the Semilla Renewable Energy Research and Demonstration Area, the Loren D. Potter Urban Ecological Field Station, and the McCormick Ranch Agricultural and Education Research Center.

A memorandum of understanding was signed between the University of New Mexico Biology Department and the State Land Office in July 1999 to conduct reserach studies on the plants, animals and geology of the ecozone.

A La Semilla Botanical Resource Advisory Council has been formed to study how to make the best use of the land at La Semilla.



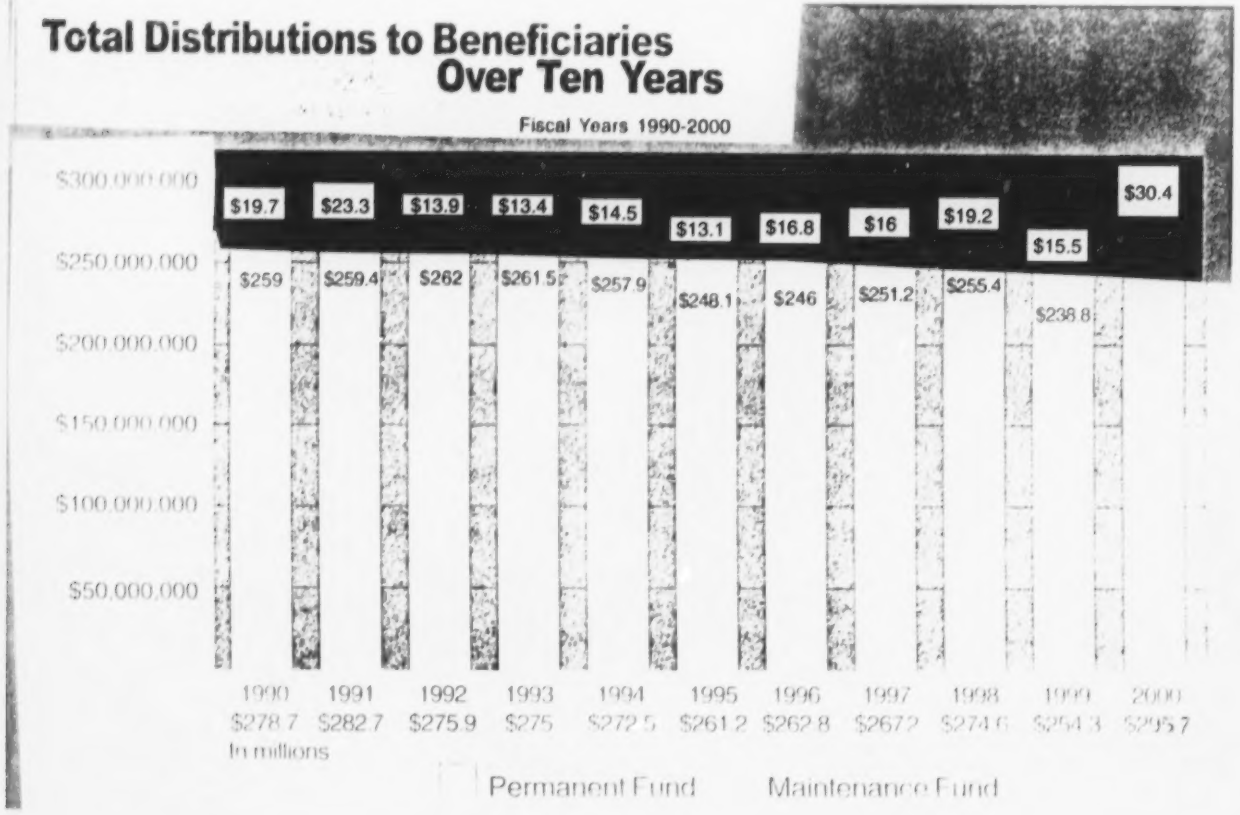
The Trust

A Promise for Future Generations

Even before New Mexico was a state, there was the beginning of a land trust. The office of the Commissioner of Public Lands was created by the passage of the Ferguson Act on June 21, 1898. The appointed commissioner, along with the territorial governor and the solicitor general of the territory, made up the Public Land Board charged with selecting lands that would be held in trust for New Mexico's public schools and other beneficiaries.

The Ferguson Act and the Enabling Act of 1910, which provided for New Mexico to be admitted to the United States upon voter approval of the state constitution, identified each beneficiary of trust land, dedicated the amount of land to be held in trust for each beneficiary, and provided for the land board to identify the specific lands that would be designated for each beneficiary institution. Each tract of land is assigned to a particular beneficiary institution.

About 8.6 million acres of trust lands for the benefit of the public schools were granted to New Mexico by



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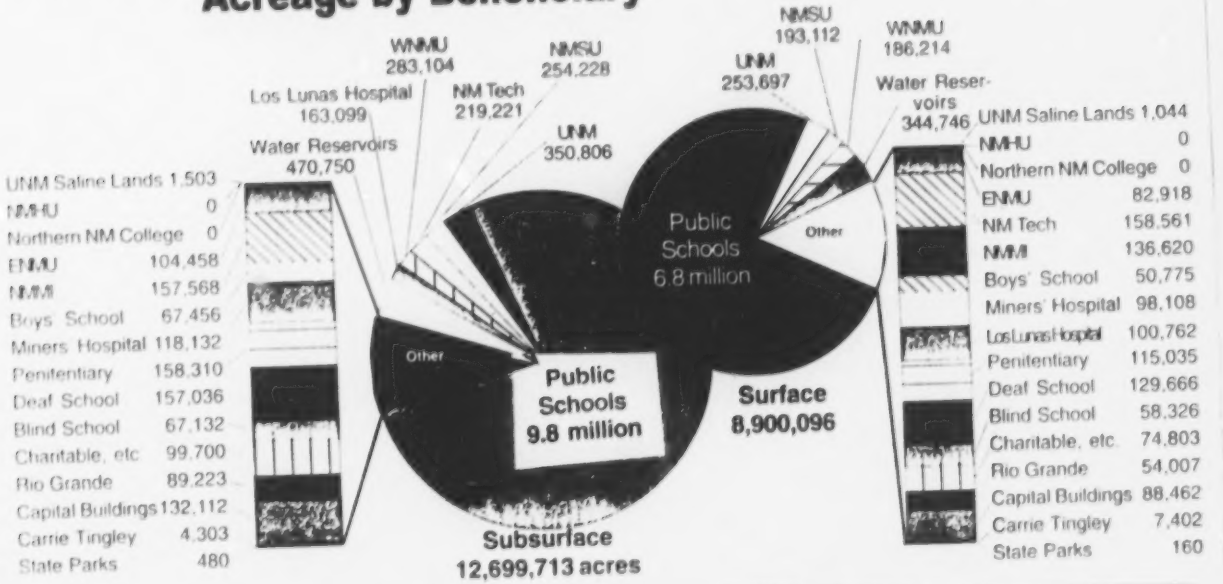
Surface and Subsurface Acreage by Beneficiary



Congress under the Ferguson and Enabling acts. The state was granted four square miles – Sections 2, 16, 32 and 36 – in each 36-section township. Where those sections had previously been sold or allocated to Indian Pueblos, tribal reservations or pre-existing land grants, the state was allowed to pick lands elsewhere in lieu of the four designated sections. The state also received "quantity grants" from the federal government, in specific amounts to benefit specified universities, special schools, institutions and other purposes. Those land grants totaled about 5 million acres.

The Commissioner of Public Lands, converted from an appointed position to a statewide elected position when New Mexico achieved statehood in 1912. The commissioner administers New Mexico's state trust lands. Money from the uses of state trust lands is distributed to the trust beneficiaries directly or as earnings from the Land Grant Permanent Fund.

Revenues from nonrenewable use of the trust lands, such as the royalties from oil and natural gas extraction, and proceeds of land sales, are deposited into the Permanent Fund. They are invested and a percentage of the fund is paid to the beneficiaries. Revenues from the renewable resource uses, such as grazing, right of ways, interest on earnings and the bonuses paid to acquire oil and gas leases, are distributed directly to the beneficiaries, minus the State Land Office's operating budget and other administrative expenses. In Fiscal Year 1999, the trust lands generated $130.25 million, including $104.642 million from nonrenewable sources and $25.608 million from renewable sources, bonuses and fees.

Beneficiaries

- Capital Buildings
- Carrie Tingley Hospital
- Eastern New Mexico University
- Las Vegas Medical Center
- Miners' Colfax Medical Center
- New Mexico Boys' School
- New Mexico Highlands University
- New Mexico Military Institute
- New Mexico School for the Deaf
- New Mexico School for the Visually Handicapped
- New Mexico State University
- New Mexico Tech
- Northern New Mexico Community College
- Penitentiary of New Mexico
- Public Schools
- Rio Grande Improvements
- University of New Mexico
- UNM Saline Lands
- Water Reservoirs
- Western New Mexico University

Land Trust Advisory Board

Taking Care of Our Interests

The Land Trust Advisory Board assists the Commissioner of Public Lands in the formulation of policies and programs for the trust. By law, the board is politically and geographically diverse. It represents the trust's beneficiaries and key constituencies. Two members represent the beneficiary institutions and one each represent agriculture, extractive industries and conservation interests. Two members serve at large. The members are appointed by the land commissioner and confirmed by the state Senate to serve six-year terms.

Joseph Kelly, Chairman
Roswell

Kelly is president of Elk Oil Company of Roswell. He was educated at the University of Santa Clara and the American University. He is a member of various oil and gas associations in New Mexico. Kelly represents extractive industries.

Daniel Earp
Portales

Earp is vice president for business affairs at Eastern New Mexico University. He served as deputy director for the State Commission on Higher Education. He also was the assistant director for the state Legislative Finance Committee. He represents beneficiary institutions.

Benjamin Zerbey
Mesilla

Zerbey is a retired National Park Service employee who has served as a ranger, superintendent and assistant regional director. He has been a member of the Sierra Club since 1982 and presently serves as chairman of the National Parks Subcommittee. Zerbey represents conservation interests.

Patrick O'Hearn
Aztec

O'Hearn is Chief Financial Officer for the Citizens' Bank of Farmington. He has thirteen years of law enforcement experience and was the first director of both the State Land Office's Royalty Audit Division and of the Gaming Division of the Department of Alcoholic Beverage Control. He is a public member.

Felicia Thal
Buena Vista

Thal and her husband have a registered Hereford operation on their northern New Mexico ranch. She has been a member of the New Mexico Cattle Growers Association since 1973 and is on the board of directors. Thal was a founding member of the group established to develop the New Mexico Farm and Ranch Heritage Museum. In 1984, Thal was awarded the Outstanding Leadership Award from New Mexico State University. She received the Cattleman of the Year Award from the New Mexico Cattle Growers Association in 1992. She represents agriculture.

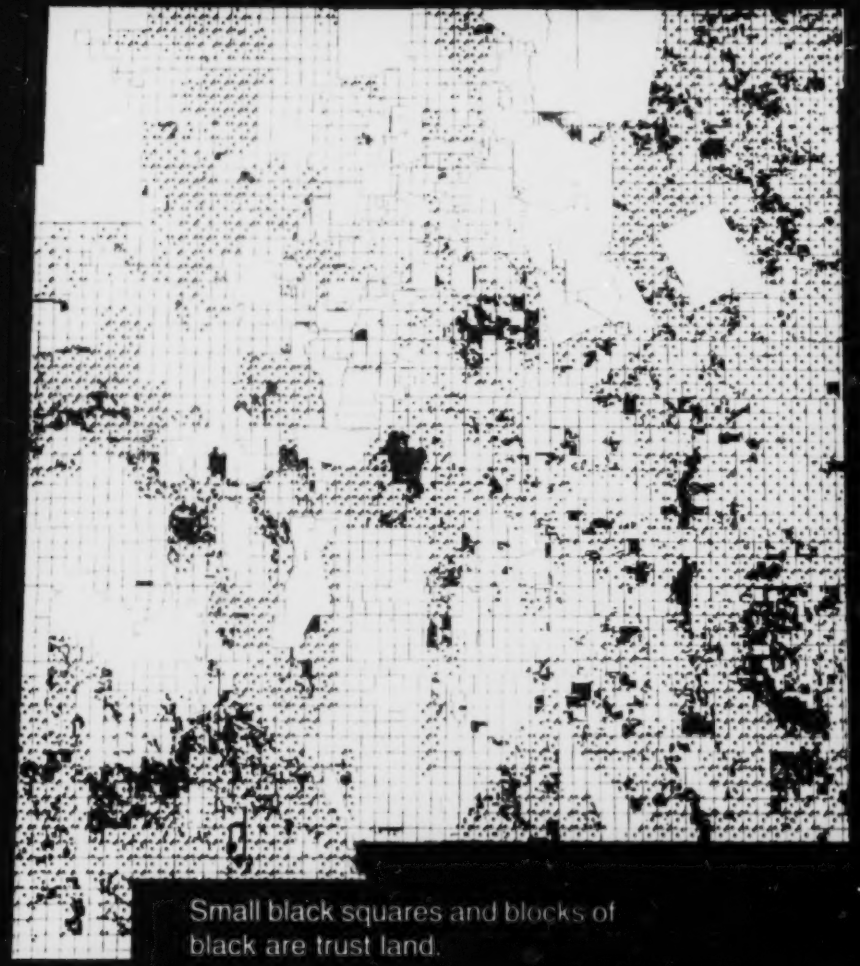
Dr. Loren D. Potter
Albuquerque

Potter is professor emeritus of plant ecology at the University of New Mexico. He has taught and conducted research in the fields of terrestrial ecology, range management, forest fire ecology and mining spoils reclamation. He is the author of about 50 scientific articles and four books on reclamation, grasses, water use and Lake Powell. He is a public member.

Dr. Kris Havstad
Las Cruces

Havstad is an adjunct professor at New Mexico State University and is the supervisory range scientist at the Jornada Experimental Range. He has received numerous honors, including the Rangeman of the Year Award from the New Mexico Section Society for Range Management in 1996, and Teacher of the Year from Montana State University's College of Agriculture in 1984. He represents beneficiary institutions.

State Trust Land Map



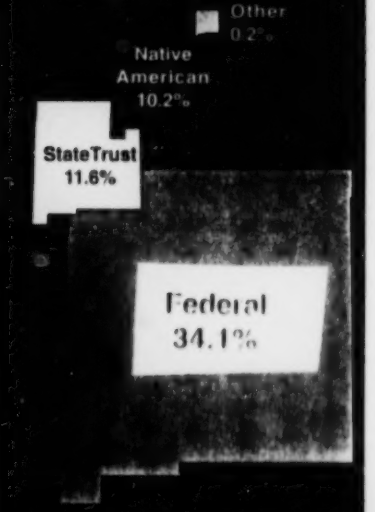
6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Land Endowment by Township
Township = 36 Sections
Section = 1 square mile

Small black squares and blocks of black are trust land.

New Mexico Land Ownership

77,666,400 Total Acres



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Administrative Services Division

Director

John Gallegos

Daryl Schwebach (resigned 1.00)

Improving the Infrastructure

The Administrative Services Division (ASD) provides the State Land Office with a variety of services, including accounting, budgeting, information technology, contract management, printing, building and grounds maintenance, and security.

The accounting staff is responsible for receiving, accounting for, and depositing income earned from the rental of state trust lands, royalties earned from the extraction and sale of minerals, and the principal and interest from land sales. They ensure proper income distributions to the beneficiaries. The accounting staff also verifies and processes operational expenses and maintains an inventory of assets. The State Land Office received an unqualified audit for fiscal year 2000.

ASD maintains and controls 10 internal budgets for the agency. The internal budgets are summarized into an overall budget that corresponds to the appropriation approved by the Legislature. The fiscal year 2000 appropriation for the State Land Office for operations was $9,940,100. The appropriation for 2001 is $10,404,200. Both are from the state land maintenance fund. Under the Accountability in Government Act, all state-funded agencies, public schools and institutions of higher education must switch from traditional line budgets to performance-based budgets focused on programs. The State Land Office expects to operate on a performance-based budget starting in fiscal year 2003.

The information technology staff is responsible for maintaining and upgrading the local area network and

Appearances

The 40-year-old State Land Office building underwent major renovation during the fiscal year. The maintenance of the building and grounds are the responsibility of the Administrative Services Division, which oversaw the refurbishment of the heating, ventilation and air conditioning systems. The mixing boxes in the duct system were replaced with new units, and the pneumatic control system was replaced with computerized controls. In addition, the old fire alarm system was replaced with a new system compliant with the American with Disabilities Act (ADA) and all ceiling tiles were replaced.

The building also underwent asbestos abatement and is being progressively brought into compliance with the ADA. The two original three-stop elevators were extensively renovated and the parking lot was re-surfaced. Plans are underway to re-stucco the building and upgrade the steps of the main entrance.

The office on 1.78 acres at 310 Old Santa Fe Trail is a three-story masonry and steel frame structure designed by W.C. Kruger & Associates and built during the term of Governor John Burroughs and Land Commissioner Murray E. Morgan. The auditorium within the building is named Morgan Hall after Commissioner Morgan.

In 1998, the office building was named the Edward J. Lopez Land Office Building after the late state senator from Santa Fe whose family previously lived on the site now occupied by the State Land Office.

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State Land Office Expenditures

	DISBURSEMENTS	ENCUMBRANCES	FY00 TOTAL EXPENDITURES
PERSONAL SERVICES			
Salaries	$5,212,991.47	$0.00	$5,212,991.47
EMPLOYEE BENEFITS			
Group Insurance	$322,373.18	$0.00	$322,373.18
Retirement	$840,541.90	$0.00	$840,541.90
FICA	$382,984.07	$0.00	$382,984.07
Worker's Compensation	$1,526.20	$0.00	$1,526.20
Other Employee Benefits	$112,865.50	$0.00	$112,865.50
SUBTOTAL	$1,660,290.85	$0.00	$1,660,290.85
TRAVEL			
In-State Travel	$31,793.16	$3,599.82	$35,392.98
Out-of-State Travel	$47,323.51	$5,579.40	$52,902.91
Fuel, Maintenance, & Repairs	$48,716.68	$9,456.62	$58,173.30
Insurance (transportation)	$2,047.00	$0.00	$2,047.00
Transportation Pool Charges	$1,772.00	$0.00	$1,772.00
SUBTOTAL	$131,652.35	$18,635.84	$150,288.19
MAINTENANCE & REPAIRS			
Grounds & Roadways	$684.65	$0.00	$684.65
Furniture, Fixtures, & Equip.	$55,644.16	$10,562.84	$66,207.00
Buildings & Structures	$10,984.91	$416.92	$11,401.83
Property Insurance	$10,274.00	$0.00	$10,274.00
Maintenance Supplies	$15,151.81	$1,757.48	$16,909.29
Other Maintenance	$6,012.43	$500.00	$6,512.43
SUBTOTAL	$98,751.96	$13,237.24	$111,989.20
SUPPLIES			
Office Supplies	$61,672.92	$17,127.21	$78,800.13
Medical, Lab, & Personnel	$1,079.40	$0.00	$1,079.40
Field Supplies/Education Rec.	$3,174.72	$435.82	$3,610.54
Clothing, Uniforms	$0.00	$240.00	$240.00
Inventory Exempt	$35,716.33	$57,349.15	$93,065.48
SUBTOTAL	$101,643.37	$75,152.18	$176,795.55
CONTRACTUAL SERVICES			
Professional Services	$130,351.30	$264,337.14	$394,688.44
Other Contractual Services	$48,311.98	$92,053.21	$140,365.17
Audit	$0.00	$19,900.00	$19,900.00
SUBTOTAL	$178,663.28	$376,290.35	$554,953.61
OPERATING COSTS			
Reporting & Recording	$1,553.03	$300.20	$1,853.23
ISD Services	$252,415.74	$310,484.26	$562,900.00
Printing & Photographics	$6,815.46	$2,272.45	$9,087.91
Postage & Mail Services	$44,445.74	$1,170.00	$45,615.74
Utilities	$72,428.77	$28,306.08	$100,734.85
Rent of Land & Building	$52,815.00	$2,021.66	$54,836.66
Rent of Equipment	$13,283.67	$4,744.53	$18,028.20
Telecommunications	$165,780.44	$49,719.17	$215,499.61
Subscription & Dues	$77,336.00	$10,995.62	$88,331.62
Education & Training	$31,076.03	$3,810.36	$34,886.39
Advertising	$2,287.62	$1,750.00	$4,037.62
SUBTOTAL	$720,237.50	$415,574.33	$1,135,811.83
OTHER COSTS			
Miscellaneous Other Expenses	$167.42	$0.00	$167.42
CAPITAL OUTLAY			
Furniture & Fixtures	$32,384.13	$0.00	$32,384.13
Data Processing Equipment	$37,944.96	$126,453.86	$164,398.82
Equipment & Machinery	$13,372.00	$3,598.00	$16,970.00
Automotive	$88,881.00	$0.00	$88,881.00
Buildings & Structures	$3,571.00	$8,852.09	$12,423.09
SUBTOTAL	$175,953.09	$138,903.95	$314,857.04
OTHER FINANCING USES			
SUBTOTAL	$2,359,192.50	$0.00	$2,359,192.50
TOTAL	$10,639,533.77	$1,037,793.89	11,677,327.66

REVENUES			
SLO Revenue	$9,589,570.63	$1,037,793.89	10,627,364.52
Cash Balance	$570,020.39		$570,020.39
General Fund	$445,400.00		$445,400.00
Federal Grants	$34,542.75		$34,542.75
GRAND TOTAL	$10,639,533.77	$1,037,793.89	$11,677,327.66

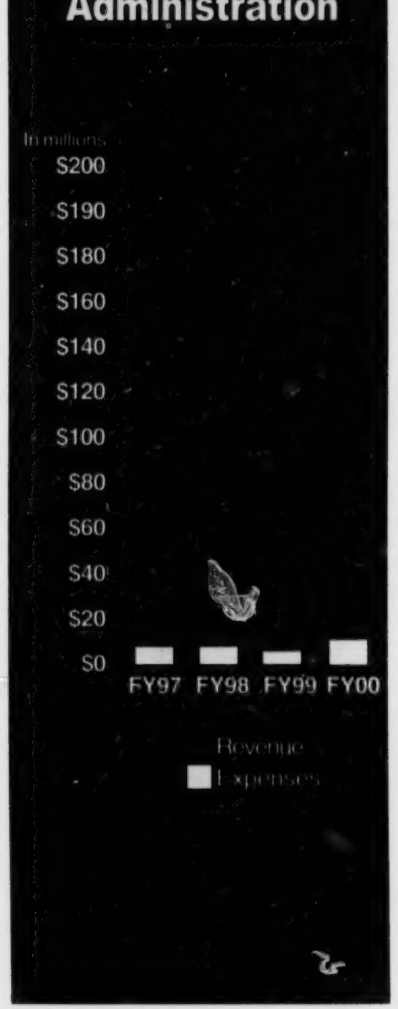
wide area network computer systems for the agency. Another responsibility of the technical staff is to continually improve the capabilities and efficiency of the Oil and Natural Gas Administration and Database system.

In cooperation with other divisions, ASD ensures adequate funding and proper contractual administration for professional service contracts. During fiscal year 2000, ASD and legal staff have worked together to revise the standard contractual language and streamline the process of establishing contracts and contract amendments.

ASD administers a print shop that prints newsletters, bulletins, announcements, notices, brochures, and other documents distributed internally and to the public and interested parties. The print shop also provides mail and copy services.

The building and grounds maintenance staff are responsible for ensuring mechanical systems within the State Land Office building are properly maintained. They also provide landscaping services and parking lot maintenance and also oversee custodial and security staff.

Administration



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Education and Special Projects

Assistant Commissioner
Olivia Ximenes

Creating Valued Community Partners

The State Land Office works directly with schools and other interest groups through several special programs. Events, seminars and other activities are designed to raise public awareness about trust land programs and land conservation issues. The Education and Special Projects staff are key to these efforts.

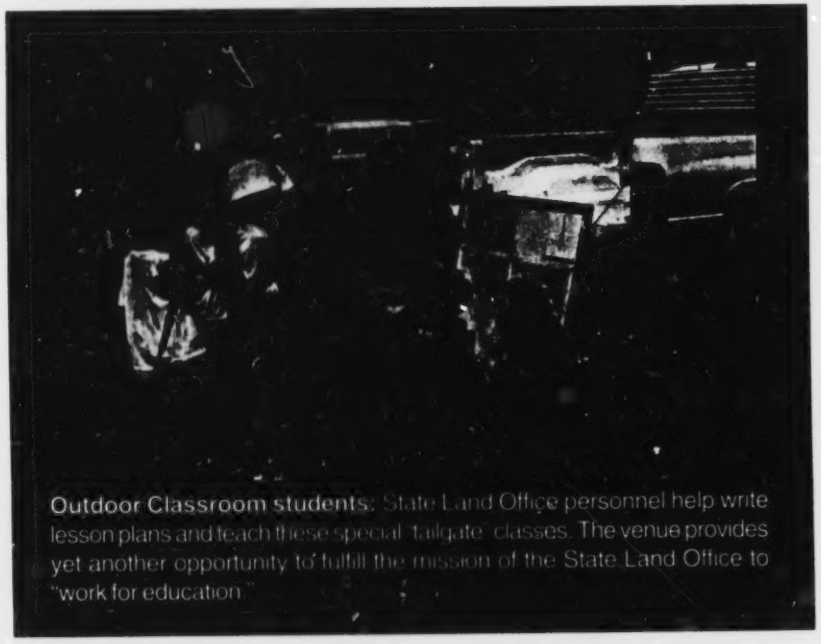
The State Land Office, through its Outdoor Environmental Education program, is reaching out to public schools, teachers, parents and communities. The effort is focused on raising awareness about trust lands and connections to the natural world. The State Land Office partners with nonprofit organizations, sister state agencies, federal agencies, and private businesses to work with classrooms throughout the state to encourage conservation, restoration, range management, soil analysis, reforestation and wildlife preservation. The program offers a wonderful opportunity for New Mexico school children to connect with their surroundings and with people who are committed to sharing their knowledge about how to better interact with the natural world.

Under the Outdoor Classroom program, the State Land Office grants special environmental educational easements of trust land to schools. This program provides teachers and students opportunities to learn about nature in their communities.

The State Land Office works with about 50 schools throughout the state. In addition to making the state trust land available, State Land Office personnel assist in preparing lesson plans and providing instruction for these special "tailgate" classrooms. The venues provide yet another opportunity to fulfill the mission of the State Land Office to "work for education." These classrooms are a chance for State Land Office staff to personally connect with students.

The State Land Office in 1997 created the annual Joan and Hy Rosner Environmental Education Award to recognize the outstanding work done by teachers who participate in the Outdoor Classroom program. The annual award was named after Joan and Hy Rosner of Albuquerque because their work exemplified the goals of the easement program, which emphasizes learning through care and respect for the natural world.

The 2000 recipient of the Joan and Hy Rosner Environmental Education Award is Dr. Elaine Hampton. Hampton was chosen for the award because of her career-long efforts to help teachers strive for excellence



Outdoor Classroom students: State Land Office personnel help write lesson plans and teach these special "tailgate" classes. The venue provides yet another opportunity to fulfill the mission of the State Land Office to "work for education."

while incorporating environmental education as a captivating link between education and quality of life.

Hampton serves as the past president of the Environmental Education Association of New Mexico and currently is a professor of science education at the University of Texas at El Paso. She has administered science education grant and curricula programs and coordinated teacher involvement and excellence programs for the National Science Foundation. For four years, she was the southwest regional coordinator for the New Mexico National Science Foundation's State Systemic Initiative Program, which creates state science standards and benchmarks. Hampton has been an instructor at New Mexico State University in addition to teaching elementary and middle school for the Las Cruces Public Schools.

> "So often in today's world kids stay inside and focus on TV. Getting outside is very rare. Anytime a teacher can connect students with the outside – where they can touch and feel and lift up a rock and see bugs – they gain an appreciation for life and are less likely to harm that life and our natural world."
>
> Dr. Elaine Hampton
> 2000 Rosner Award Winner
> Las Cruces

Hampton has a doctorate in curriculum and instruction from New Mexico State University. She also has bachelor's and master's degrees in education from New Mexico State University. In 1992, she received the Milken Family Foundation National Educator's Award and the Presidential Award for Excellence in Secondary Science Teaching. Hampton is committed to environmental issues along the border and continues to work with teachers on both sides of the border.

The State Land Office also connects with New Mexicans every year through an information booth at the New Mexico State Fair. The booth provides information about the state trust lands as well as hands-on activities related to minerals, surface activities, and commercial development.

Rosner Award Winners

1998 – Becky Wing, Farmington

1999 – Tina Koranda, Hurley

2000 – Dr. Elaine Hampton, Las Cruces

Building the Trust

The Office of General Counsel provides a full range of legal services to help the State Land Office manage and preserve the assets of the trust. During the 1999-2000 fiscal year, the top priorities were assisting with legal issues related to community development projects, as well as with oil, gas and carbon dioxide royalty collection efforts.

Legal staff also represented the State Land Office in several contest proceedings and lawsuits during the year and continued its work to revise and update State Land Office rules. The office also provided legal services for the Chaco Culture National Historic Park and Petroglyph National Monument land exchanges.

The office was instrumental in securing settlements from six companies in oil royalty disputes with the State Land Office this fiscal year, bringing in a total of $8.7 million in new revenue to the trust. Those companies were: Kerr-McGee for $245,000, Chevron U.S.A. Production Company for $4.3 million, Union Oil Company of California (Unocal) for $210,000, Amerada Hess for $1.2 million, Amoco for $2.1 million, and Marathon Oil for $655,000. These disputed claims were settled without incurring costly legal fees.

In addition, the office increased its activity in connection with land-use planning and community development matters and trespass litigation.

Office of General Counsel

General Counsel
Mary Hoffman

Legislation and Policy

Preserving the Trust

Legislation

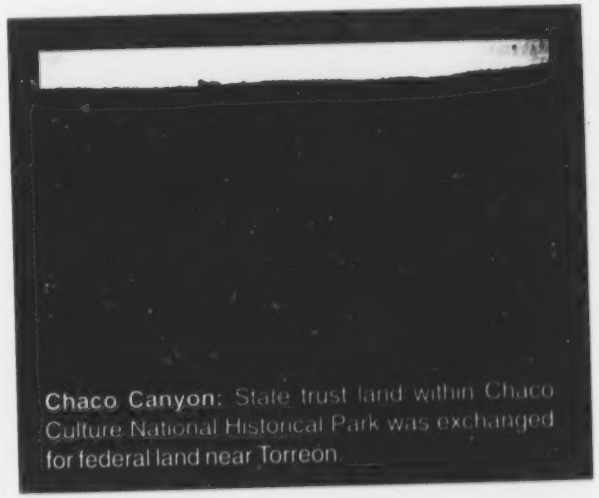
Legislation was approved by state lawmakers during the 2000 special session for a new road, called the Mesa del Sol Parkway. The bill would have provided $1 million to go into the general fund for the State Highway and Transportation Department to plan an extension of University Boulevard to Mesa del Sol. However, the bill was vetoed by the Governor at the end of the session.

The road is needed to expand public access to Mesa del Sol Regional Recreation Complex and Amphitheatre. Also, it would allow for rapid growth of the Mesa del Sol employment centers when they are constructed two years from now, paving the way for thousands of new jobs for the Albuquerque region. Similar legislation for the road must again be proposed in the 2001 legislative session.

Land Exchanges

The Commissioner of Public Lands may exchange trust lands for other property when the trade is in the best interest of the beneficiaries. Any land exchange proposal must go through a process that includes public input and extensive evaluation of the plans for the trust land being exchanged and the land being received.

Commissioner Powell and Sylvia Baca, U.S. Bureau of Land Management assistant secretary for land and minerals management, announced in early 2000 a land exchange to protect Chaco Culture National Historical Park and Petroglyph National Monument. More than 3,000 acres of state trust land located in and near environmentally or culturally sensitive areas were exchanged for federal properties more suitable for earning revenue. The trust lands exchanged also held special significance for Native American people in the region.



Chaco Canyon: State trust land within Chaco Culture National Historical Park was exchanged for federal land near Torreon.

The state trust land within Chaco Culture National Historical Park, in northwestern New Mexico, was exchanged for federal land of equal value near Torreón. State lands within Petroglyph National Monument, near Albuquerque, were exchanged with the BLM for federal land near Las Cruces.

Also in the works are other state trust land exchanges that would protect wilderness areas while acquiring land more conducive to generating revenue for beneficiaries.

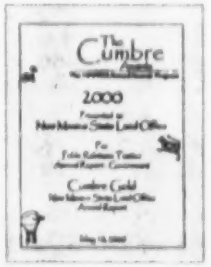
Special Revenue Distribution

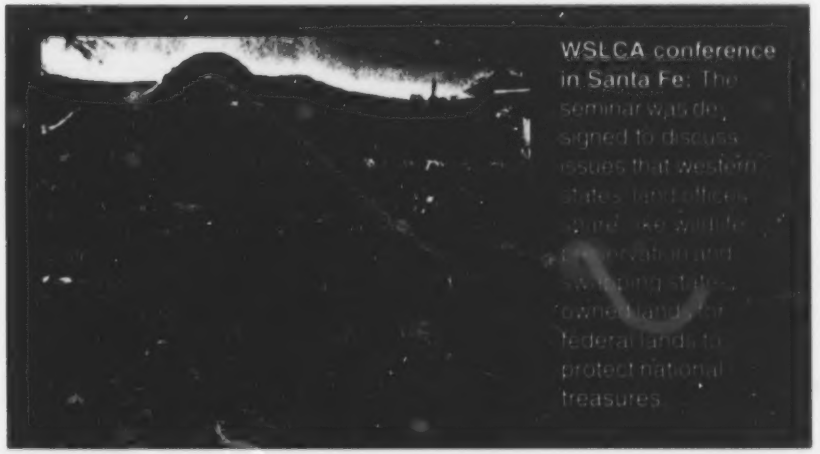
In other action, the State Land Office facilitated the distribution of $9.5 million in supplemental earnings to the state's public schools and other educational institutions. The additional earnings are the result of a shift over the past six years to longer-term investment of funds on deposit in the State Land Office's escrow accounts. In 1994, funds were shifted from so-called "overnight" deposits, where they earned low returns, to the higher-interest, longer-term investment pool administered by the State Investment Office. The funds have appreciated nearly 84 percent since their shift to the State Investment Office pool. Much of that growth took place in 1998 and 1999. The funds were distributed based on the average royalty revenues generated by the lands held in trust for New Mexico's public schools and other institutions. The largest portion — over $8 million — will go to the state's public schools.

Making a Difference

In fiscal year 2000, the State Land Office expanded its outreach efforts to communicate with the public. Issue briefs were developed and mailed to constituents, interest groups, and beneficiaries to better inform them of State Land Office policies and initiatives. These issue briefs served not only to promote a greater awareness of the role of the State Land Office in funding education, but to generate feedback to help us develop successful strategies for expanding our contributions in the future. We continue to subscribe to the theory that good public policy requires an informed and involved citizenry.

The 1999 annual report, titled *Our Land, Our Trust, Our Future: Making a Difference for our Children,* received a first place Gold "Cumbre" award from the New Mexico Chapter of the Public Relations Society of America. The report was produced with assistance from GrafText, a contractor. Also, a new format was designed for the State Land Office employee newsletter, *On the Horizon,* which received an honorable mention "Cumbre" award from the New Mexico Chapter of the Public Relations Society of America. The "Cumbre" awards recognize expertise in writing, design, production, and management of materials that meet a single communication need.





WSLCA conference in Santa Fe: The seminar was designed to discuss issues that western states' land offices share, like wildlife preservation and swapping state-owned lands for federal lands to protect national treasures.

Other media relations activities included a joint news conference with the Bureau of Land Management at Petroglyph National Monument in Albuquerque on January 11, 2000. The event announced the land exchange that will protect Chaco Culture National Historical Park and Petroglyph National Monument for future generations to enjoy.

A special *Communication Issues Sharing Seminar* was hosted at the Western States Land Commissioners Association (W.S.L.C.A.) meeting, held in Santa Fe, in January 2000. The seminar was designed to discuss issues that western states' land offices share, like collecting revenue from fiber optic companies crossing trust lands, wildlife preservation and habitat restoration, as well as swapping state-owned lands for federal lands to protect national treasures. The seminar brought forth issues commonly held by all western states so they can be addressed proactively. This *Communication Issues Sharing Seminar* will be repeated at the next summer and winter W.S.L.C.A. meetings in Rapid City, South Dakota, and Oklahoma City, Oklahoma, respectively.

The communications office also made progress on producing a new State Land Office web site, to be launched in fall of 2000. It can be found at **www.nmstatelands.org.**

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Mineral Resources

Assistant Commissioner
Larry Kehoe

Oil, Gas, and Minerals Division
Jami Bailey, Director
Anthony Nash, Deputy Director

Royalty Management Division
Kurt McFall, Director
Charles Turpen, Director
Rey Tellez, Deputy Director

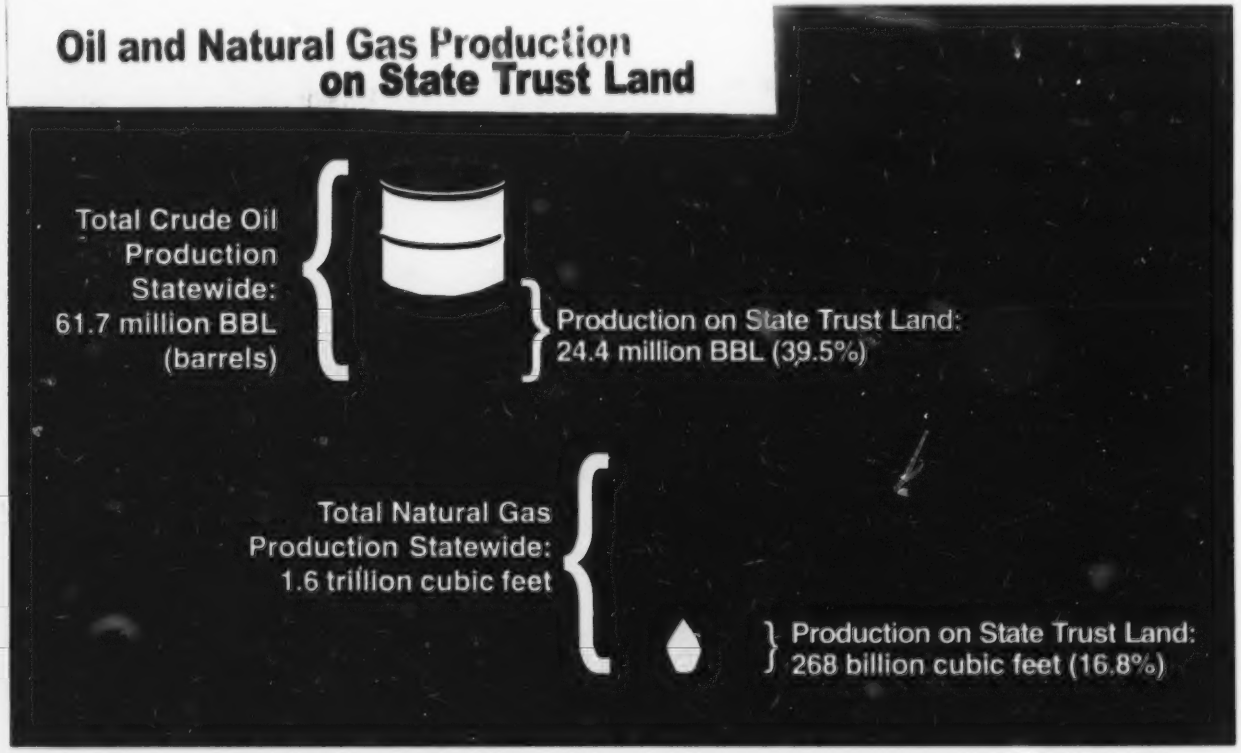
Protecting Nonrenewable Assets

Mineral Resources comprises activities and programs related to natural resources - oil, natural gas and minerals. The group has two divisions: the Oil, Gas, and Minerals Division and the Royalty Management Division. The Oil, Gas, and Minerals Division manages nonrenewable resources, evaluates resources, manages all mineral leases, administers the monthly oil and gas lease sales, processes mineral royalty revenue, and administers leases for oil, natural gas, carbon dioxide, coal, potash and other minerals. The Royalty Management Division processes oil and gas royalty revenues, evaluates, reconciles and validates royalty returns, distributes royalty revenues to the appropriate beneficiaries, and administers a comprehensive audit and compliance program that evaluates the reporting accuracy of oil and gas producers.

Oil and Gas Activity

Both oil and gas lease sale bonuses and royalty revenue rebounded strongly from last year's slide in world oil prices. Oil and gas lease sale bonuses were more than $1 million for 10 months in fiscal year 2000 for an average of almost $1.5 million per month. Oil and gas royalty revenue topped the $10 million mark for nine months of the fiscal year for an average of more than $12.5 million

Oil and Natural Gas Production on State Trust Land


Total Crude Oil Production Statewide: 61.7 million BBL (barrels)
Production on State Trust Land: 24.4 million BBL (39.5%)
Total Natural Gas Production Statewide: 1.6 trillion cubic feet
Production on State Trust Land: 268 billion cubic feet (16.8%)

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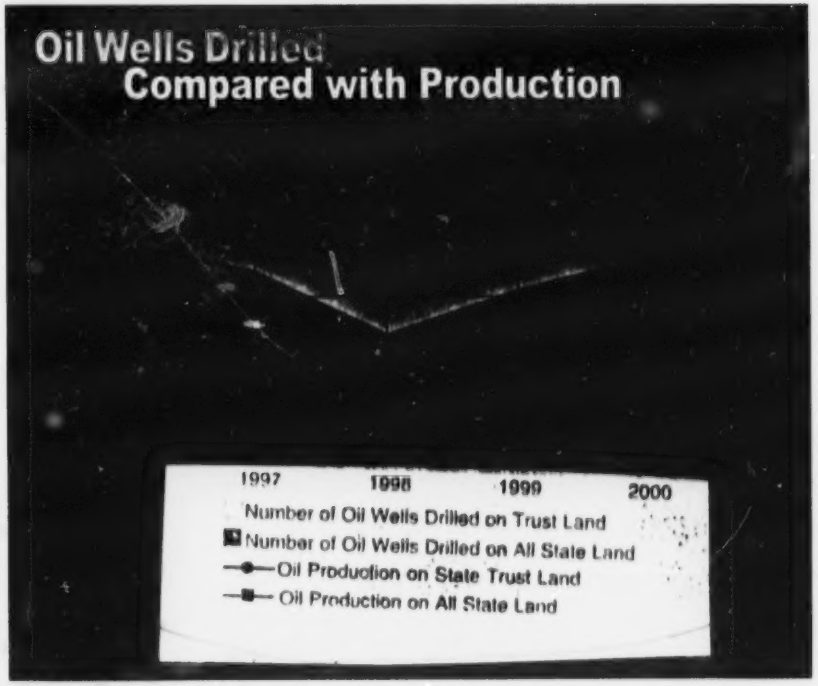


per month. Royalty levels were the highest they have been in three years. In March 2000, oil and gas bidders not only established a new average high bid per acre, but also provided the single highest monthly bonus income since July 1988. Total distributions to the Land Income Permanent Fund exceeded $135.5 million, nearly $33.6 million more than the 1998-1999 distribution.

Spot prices for West Texas intermediate crude reached $30 per barrel at times during the year and averaged in the mid $20s. Spot prices for natural gas increased dramatically in the last two months of the fiscal year to more than $4 per million Btu – nearly double the price from earlier in the year. The recent increase in natural gas prices coupled with the continued strong crude oil market gave the State Land Office an optimistic outlook for revenues for at least the first quarter of fiscal year 2001.

Audit and Compliance Efforts

The Audit and Compliance Bureau of the Royalty Management Division focused this fiscal year on a variety of audit programs and launched the negotiation and settlement phase of the multi-million-dollar Major Crude Oil Audit program. Among the other audit programs are the Major Company Natural Gas Audits and State Land Office Rule 1.071 (Takes vs. Entitlements) reviews, which look at under-reporting of production volume. In addition to the $33.4 million in assessments and $13.5 million in collections under the Major Crude Oil Audit Program, the bureau has assessed $4.86 million in royalty and interest on natural gas and collected $880,000, and assessed $1.18 million in crude oil royalties and interest and collected $1.08 million.

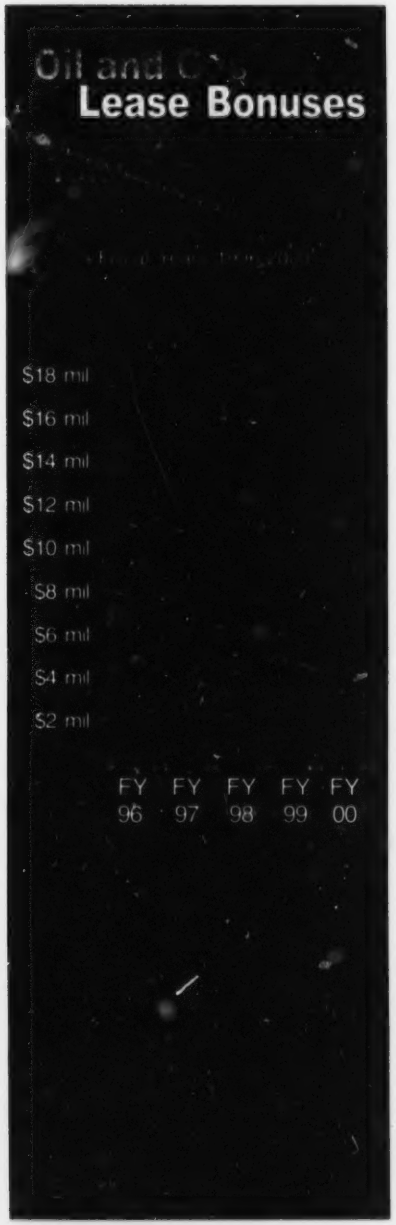
Audit and compliance staff expect the Major Company Natural Gas Audit Program to result in a significant assessment for additional royalties and interest. The division management currently is reviewing staff work on the natural gas volumes reported through ONGARD, the Oil and Natural Gas Administration and Revenue Database. Staff is comparing volume data reported through ONGARD, to volume data reported to the Oil Conservation Division of the Energy, Minerals and Natural Resources Department. By comparing the data reported to two separate agencies, Audit and Compliance can ensure that royalties have been paid on the correct amount of oil and natural gas. The bureau plans to schedule audits of natural gas plants to review natural gas liquid production reported through ONGARD.

Also this year, Audit and Compliance staff members continued to review state PUN lease data (royalty reporting identifiers), participation percentages for state leases, and

"As an active independent engaged in oil and gas exploration and production in New Mexico, the development and management of state of New Mexicq oil and gas leases forms an integral part of our ongoing operations and is essential for our continued activity.

"I would like to extend my appreciation and offer my personal thanks to the employees of the State Land Office for their help and assistance over the years."

Allen Brinson
Administrative Land Manager
Mewbourne Oil Company



beneficiary data in order to prepare status reports for other State Land Office staff, oil and gas companies and other government agencies. Audit staff also reviewed bankruptcy cases identified by the Office of General Counsel to check for any royalties due.

Special Revenue Programs

Troubleshooting measures by the Royalty Management staff along with the ONGARD technical support team resulted in an unexpected $1.7 million distribution to beneficiaries this fiscal year. The team resolved a computer error dating back to February 1997. Special programs will provide an additional $22.3 million for distribution during fiscal year 1999-2000. Nearly $3.4 million is expected to come from three federal Section 29 sales and $9.5 million from earnings resulting from advance royalty deposits managed by the State Investment Council.

In an effort to improve efficiency, communication and customer service, the Revenue Processing and Audit and Compliance bureaus are working together to create a "Compliance Handoff Team." The team's purpose is to review processes or functions that cut across bureau lines and to make recommendations to improve overall efficiency and productivity. The team is currently reviewing the processes related to clearance of assessment and suspended items.

Revenue Processing

The Revenue Processing Bureau of the Royalty Management Division administers the programs relating to the processing of oil and gas royalty returns and associated royalty payments. During the 1999-2000 fiscal year, the Revenue Processing Bureau edited and evaluated more than 5,200 returns with more than 200,000 detail line entries. While the majority of the some 400 remitters continue to file paper returns, 30 of the larger companies now file their returns using the ONGARD electronic data interchange system. These remitters account for approximately 68 percent of the total detail lines reported.

The Revenue Processing Bureau continues to work toward the goal of moving enough remitters over to electronic filing to receive 85 percent of the detail by EDI. As a member of the ONGARD Service Center EDI Task Force, along with representatives from the Taxation and Revenue and Energy, Minerals and Natural Resources departments, the State Land Office is working on "marketing" electronic transmission to make more royalty remitters aware of the option and to address the reasons why more remitters do not use it.

Under the Advance Royalty Payment Deposit Program managed by the Revenue Processing Bureau since 1995, remitters who pay more than $25,000 a month in royalties are required to maintain a "deposit" with the State Land Office. The State Land Office, on behalf of the beneficiaries, earns interest on the total deposit balance, which currently exceeds $8.9 million. That amount is expected to grow in the next year because of the increase in prices for oil and natural gas.

Oil, Gas, and Minerals Division

During the 1999-2000 fiscal year, the 16 employees of the Oil, Gas, and Minerals Division managed 7,500 oil and gas leases and 200 mineral leases/special use agreements, evaluated reclamation requirements, and forecast revenues from 15 sources of income for the beneficiaries. The division also evaluated more than 150,000 acres for oil and gas leasing, approved over 600 lease assignments, managed more than 1,300 pooling agreements (units and communitizations), and produced numerous mineral assessments for land trades and exchanges.

This year, in addition to carrying out these responsibilities, the division increased its focus on excellence in the work place and adopted many improvements in customer and market relations, analysis of information, process management, and business results. The staff also concentrated on training and professional development through presentations on each area of the division's responsibility. This has enhanced the division members' understanding of the complexity of the programs and has acted as a refresher course on the statutory and regulatory requirements for their activities.

Because oil- and gas-related activities are highly regulated, Oil, Gas, and Minerals staff performed a statute review to ensure compliance with required notice and document

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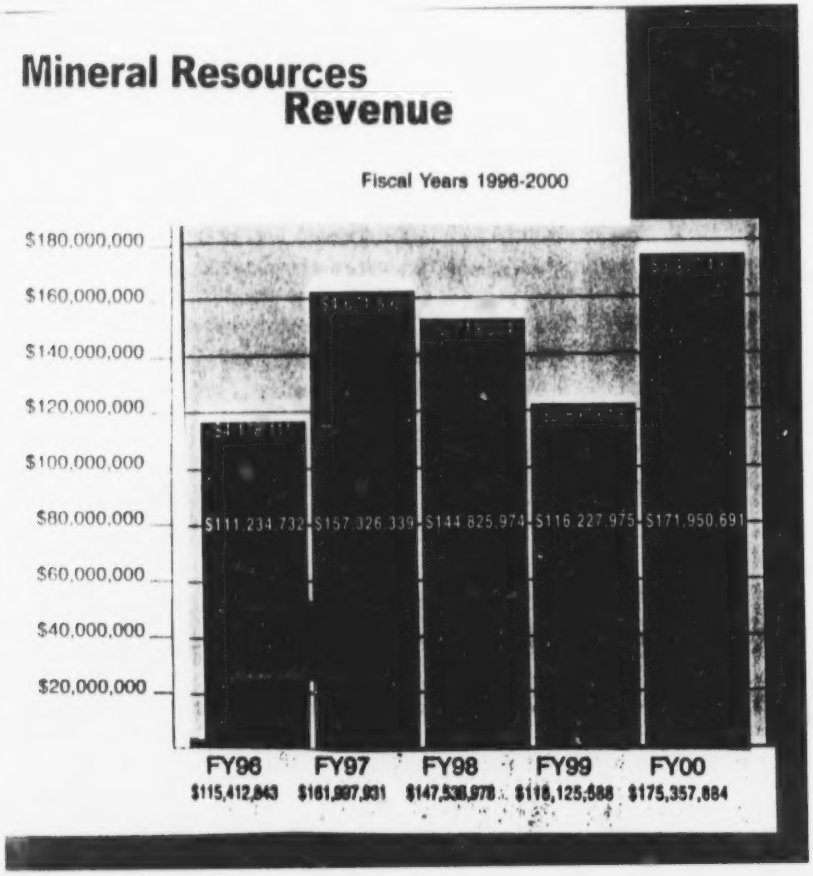
posting. The effort resulted in a new rental map generated through the Geographic Information System and posted on the State Land Office official bulletin board and in the division file room. Efforts to enhance communication with our customers and the public resulted in many positive, new initiatives. The division's *Quick Reference Guide*, used by employees to ensure accurate, complete information for callers, was updated and distributed to key agency personnel. This booklet should improve telephone responses and prevent unnecessary call transfers.

The Oil, Gas, and Minerals Division this year also worked with the Field Services staff and staff of the Energy, Minerals and Natural Resources Department's Oil Conservation Division to ensure operators are complying with operational, reclamation and remediation requirements. Since June 1998, the State Land Office has launched eight reclamation efforts, directing operators to remove non-functional and non-operational equipment and debris, rebuild roads, and repair environmental damage caused by oil, condensate, and produced water spills on state lease land.

A customer service survey sent to lessees and contractors produced high marks for the Oil, Gas, and Minerals Division. The survey concentrated on courtesy, accuracy and timeliness of information, clarity of explanations, and the customers' overall experience with the division. More than half of the staff was singled out for outstanding customer service by the respondents. The division has targeted certain areas for improvement, including processing time for applications, and will incorporate those goals in the next strategic plan.

The strategic plan for the Oil, Gas, and Minerals Division lists several major objectives: management and protection of mineral resources, conservation of oil and gas reserves, optimization of revenues, and preservation of the assets. Performance measures address customer satisfaction, areas for improvement and improved business procedures.

The Oil, Gas and Minerals Division recently adopted a mission statement that emphasizes the management and protection of mineral resources and trust land assets in



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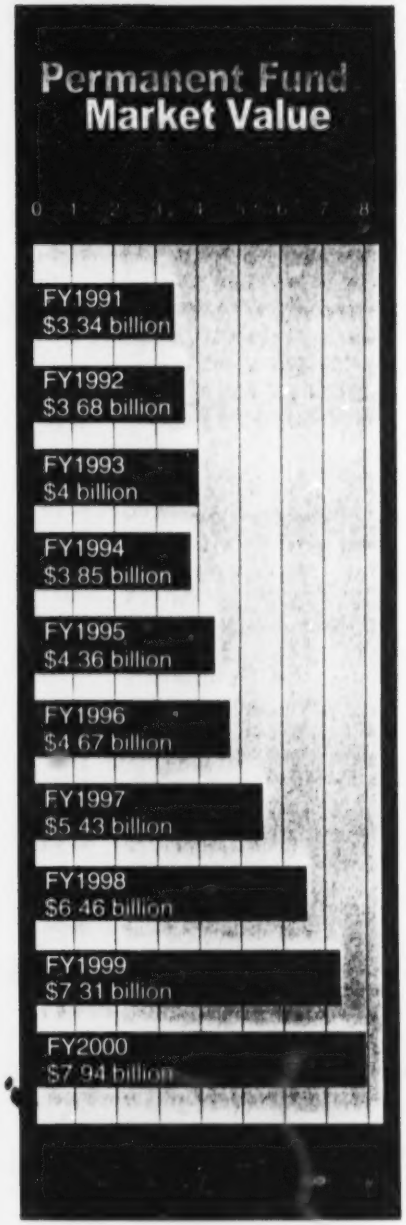
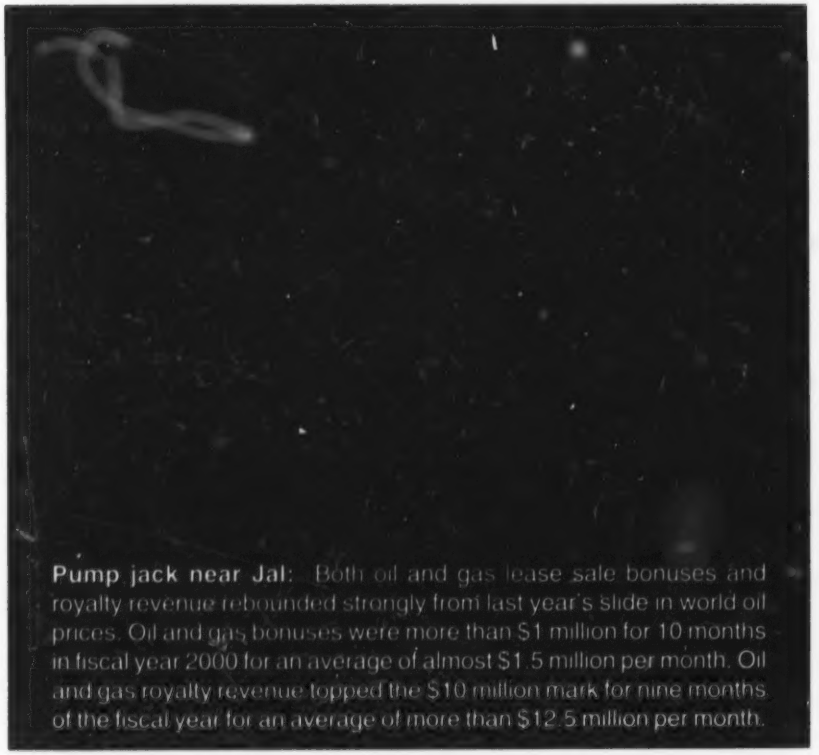


perpetuity. The mission statement says the division will strive to perform fair assessment of mineral resources and efficiently collect and accurately distribute revenues.

Oil and Gas Lease Management

A survey of regional state oil and gas leasing conducted this year by the Oil, Gas, and Minerals Division showed New Mexico remains a leader in leasing value per acre despite significant differences in leasing philosophy among the states. The division publishes a quarterly report benchmarking lease sale dollar per acre against the federal government and regional states. New Mexico consistently comes in second only to Texas for bonus revenue generated per acre leased. The Texas reports include offshore leasing.

The oil and gas staff is focusing on lease sale marketing strategies and has produced several positive improvements in the monthly sale notice. This advertisement for the monthly sale is posted on the agency's web site and is sent to more than 1,000 companies and individuals. It lists tracts available for sealed and oral auction. It also provides general industry information and information specific to participation in the sale. One of the key new features in the notice is a geologic map showing the best tracts sold at the previous sale. Also shown are staff choices for interesting tracts offered at the next sale. Through this innovation, the staff has generated additional interest in the notice and stimulated discussions of drilling and development opportunities on state lands.



Pump jack near Jal: Both oil and gas lease sale bonuses and royalty revenue rebounded strongly from last year's slide in world oil prices. Oil and gas bonuses were more than $1 million for 10 months in fiscal year 2000 for an average of almost $1.5 million per month. Oil and gas royalty revenue topped the $10 million mark for nine months of the fiscal year for an average of more than $12.5 million per month.

To help new oil and gas lessees learn about New Mexico's rules and procedures for operations on state lands, and to help established lessees stay current with changes, the division has updated and republished the *Oil and Gas Manual*. This publication contains State Land Office rules, sample lease forms, application forms, explanations of procedures, and a phone/fax/e-mail listing of staff members and their areas of responsibility. The first copy is free to any company, but the second one is $20 to cover the cost of reproduction. The manual is also found on the agency web site.

Additional sources of information for oil and gas companies interested in leasing state lands are the brochures developed by the division. These are general informational brochures that describe our leasing process, explain the lease provision for extension of a lease through shut-in gas well payments, and inform

operators about recent changes in the statute and the State Land Office rule for the lower royalty rate on stripper well oil production.

The reduced royalty program for stripper oil production is closely monitored by the division to assess its impact on the short- and long-term revenues for the beneficiaries. A quarterly report is produced for internal monitoring and an annual report is sent in December to the governor, the Legislative Finance Committee and the Legislative Council Service. The latest cost-benefit analysis indicates the average well in this program is realizing a slight increase in its primary productive life, and is producing some additional incremental reserves.

Another important oil and gas management program is the continual analysis of lease development for oil and gas. This function prevents drainage by offsetting properties, protects the state land trust's correlative rights to the reserves, and ensures maximum revenues for the beneficiaries. This year, staff vigilance and economic analyses of potential production resulted in the drilling of three new wells that should increase state production by 800,000 barrels of oil and 8 billion cubic feet of gas.

Minerals Lease Management

In a continuing effort to protect and conserve state land trust resources, lease managers have worked with the Legal Division and the public to provide the commissioner with recommendations for improvement of State Land Office rules and requirements. The draft State Land Office rule on "hardrock" minerals was released for public comment in mid-2000. This draft was the culmination of efforts by State Land Office personnel, environmental groups, regulatory agencies, and the mining industry.

The State Land Office rule on seismic activity on state land not covered by an oil and gas lease was amended this year. Bonds for reclamation or surface improvement damage had never been required, and this amended rule corrects that situation.

State trust lands continue to play a significant role in the production of mineral resources in New Mexico. The State Land Office collected more than $3.3 million in mineral royalties during the 1999-2000 fiscal year from sand and gravel, potash, coal, caliche, salt and geothermal production operations. In particular, the State Land Office has seen increased demand again this year for sand and gravel because of the surge in state- and federally funded highway improvements.

Minerals lease management staff has been working closely with the State Highway and Transportation Department to coordinate access to gravel sources for these big road projects. Bidders are being allowed to explore state lands for material through special use agreements, but

Staff Excellence Recognized

The National Institute of Standards and Technology, the organization behind the prestigious Malcolm Baldrige National Quality Award, honored the New Mexico State Land Office this year by naming one of its administrators to the 2000 Board of Examiners.

Tony Nash, deputy director of the Oil, Gas, and Minerals Division, was among those asked to review and evaluate applications submitted for the national award. The board consists of about 400 experts from industry, professional and trade organizations, education and health-care organizations and government.

Board members must meet high standards of professionalism and peer recognition and must take part in a course on scoring and evaluating the applications.

The Malcolm Baldrige National Quality Program annually recognizes excellence in manufacturing, service, small business, education and health care.

Advisory Council Members

Oil and Gas Advisory Council

Bob Gallagher, Santa Fe, New Mexico Oil and Gas Association
Thomas Nance, Santa Fe, Independent Petroleum Association of New Mexico
Dan Girand, Roswell
Walter Dueease, Midland, TX
Frank Gray, Midland, TX
Yolanda Perez, Houston, TX

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Advisory Council Members

Mining Advisory Council

Mike Bowen, Santa Fe
John Hughes, Albuquerque
Mike Koranda, Hurley
Frank Kottlowski, Socorro
Charles Roybal, Farmington
Bill Stevens, Albuquerque
Garth Tallman, Sacramento, CA
Marvin Watts, Carlsbad

Reconciling Reports
The Major Crude Oil Audits Program

The State Land Office this fiscal year completed the "audit" phase of the highly successful Major Crude Oil Audits Program, which has brought in $13.5 million so far from oil producers that underpaid their royalties over the last decade.

Working with the oil companies rather than resorting to lengthy and expensive litigation, the State Land Office recovered $8,055,000 in royalties and accrued interest on these claims in fiscal year 2000, in addition to the $4.84 collected in fiscal year 1999. Fiscal year 2000 settlements will be distributed to beneficiaries through the permanent and maintenance funds early in fiscal year 2001.

The State Land Office is currently in the negotiation and settlement phase with four major crude oil companies. Staff anticipates that negotiation and settlement with the four remaining companies will be completed during the next fiscal year.

The Major Crude Oil Audits Program was created in 1996 to collect underpayments from certain oil companies that undervalued oil production. The audit effort initially resulted in $33.4 million in assessments for additional royalties and interest against 15 major crude oil companies for their reported production from 1985 through 1995. The audit assessments were the result of the State Land Office determining that many major, integrated oil companies had underpaid their state royalties because they had based the value of the crude oil in their royalty reports on "posted prices." The posted price often was significantly below the market "price prevailing," which is the measure used under New Mexico state law.

The Audit and Compliance Bureau compared the reported price to a market-indexed price and billed the companies for the under-reported royalties plus interest. Similarly, auditors checked reported royalty production volumes against volumes reported to the state Energy, Minerals and Natural Resources Department and billed producers for under-reported production. The State Land Office completed the notification process in August 1998. Shortly after the first major assessment letters were mailed in August 1997, the State Land Office sent the assessed companies letters notifying them their oil leases were no longer in good standing and could not be restored until the outstanding assessments were resolved. Commissioner Powell, in the notification letter, stressed his preference to resolve the assessments through negotiation and settlement, rather than litigation.

All settlement payments so far represent compromises on disputed payments and are not an admission of liability or a determination of the value of the crude oil production. Commissioner Powell advocates settlement, instead of litigation, so the trust beneficiaries may receive their payments more quickly and so the state can avoid lengthy, costly and uncertain court action. However, the State Land Office is prepared to pursue these assessments in court if necessary.

Although industry representatives have disagreed with the State Land Office methodology for determining the market price and eight audited companies filed suit against the State Land Office in August 1998, the companies continue to settle their assessments. This is an indication the Major Crude Oil Audits Program has been effective. The team involved in the negotiation and settlement phase is comprised of staff from the Royalty Management Division, Office of the General Counsel and the Assistant Commissioner for Mineral Resources.

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leases are awarded only to the successful bidders for the highway contracts.

Recent public interest in sand and gravel mining near communities prompted the division's staff report *Sand and Gravel Leasing on State Trust Lands: Past, Present, and Future.* Sand and gravel royalties have doubled over the past 10 years, even though leasing and reclamation requirements have become more stringent. Protecting cultural resources has also received additional focus, with the establishment of a recent policy requiring a check for archaeological sites before any mineral lease is issued.

The minerals management group is making an outstanding effort to communicate with and educate the extractive industry and the general public about State Land Office requirements for mining on trust land. In addition to meeting with lessees and Field Division personnel to discuss mining and reclamation activities, they also developed guidelines and a brochure to explain the application process and requirements for developing mine operations and mine reclamation plans. These plans are a required part of the leasing process and are enforceable with the approved lease.

The minerals group also is concentrating on bringing all leases up to date for expirations as well as for renewals. The group has changed procedures to keep all leases current and to track activities on trust lands continually.

Partnerships

Division staff actively participate in the "tailgate" classes that are part of outreach efforts with public schools. The instruction provides school children with an opportunity to understand the importance of our land resources.

The State Land Office maintains an active role in the Oil Conservation, Coal Surface Mining, and New Mexico Mining Commissions. The Oil, Gas, and Minerals Division director is an appointed member of the Public Lands Committee of the Interstate Oil and Gas Compact Commission, as well as the commissioner's representative on the Oil and Coal commissions.

The commissioner and State Land Office staff continued to meet regularly with the representatives of the extractive industries who are members of the Mining Advisory Group and the Oil and Gas Advisory Group. Both groups recently reaffirmed their interest in continuing these groups, first created by Commissioner Powell in 1996.

Lease Sale Results
Seven State Comparison

Average Dollar per Acre Value, Fiscal Year 2000

Searching for Opportunity

Among the many tasks of the Oil, Gas and Minerals Division is the periodic review of oil and gas leases to ensure full resource development.

Through monitoring of statewide well completions, production reports, and industry economics, staff engineers and geologists regularly discover oil and gas production enhancement opportunities.

They inform lessees of the potential to develop their lands and request that they evaluate and develop the resources underlying the leases.

The program over the past seven years has accounted for an estimated $4 of annual royalty revenue increase of $8 million from 17 new wells.

In addition to searching for lease development opportunities, the staff also watches for drainage of oil and gas from under state lands and for potential infringements of the [illegible]

Commercial Resources

Assistant Commissioner
Jeris Beckham

Commercial Resources Division
Zilla P. Padilla, Director
Don Britt, Assistant Director
Nick Mace, Assistant Director

A Bridge to the Future

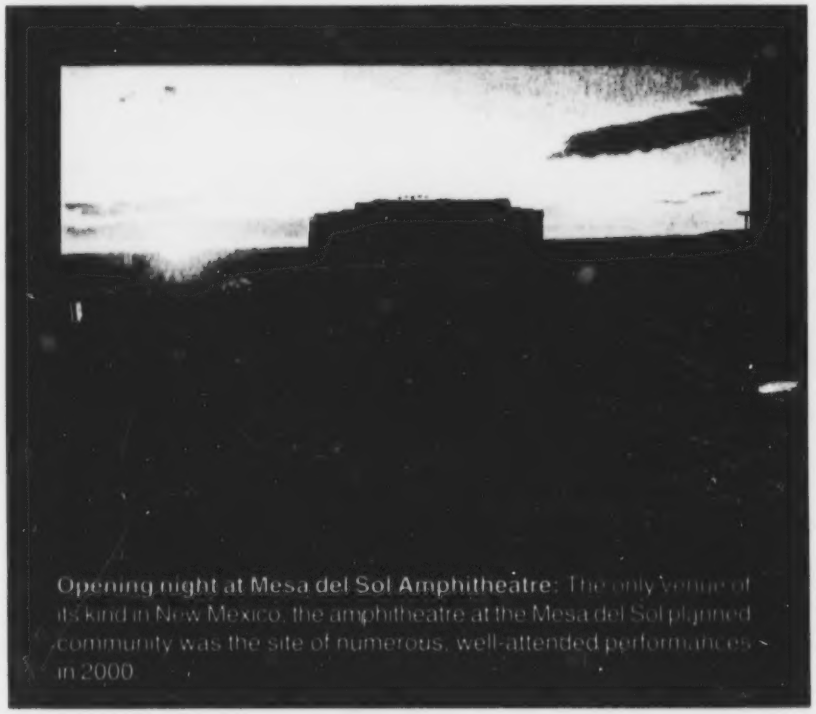
Commercial Resources is responsible for a wide variety of land uses, including large-scale planning and mixed-use development projects, business leases, salt-water disposal leases, natural gas storage units, and recreational access permits.

For the past several years, the focus in Commercial Resources has been on the planning and development of lands suitable for more intensive and innovative commercial, industrial, recreational and residential land uses. Working closely with the Assistant Commissioner for Community Development and the Field Operations Division of Surface Resources, Commercial Resources staff have identified 50,000 acres of state trust land close enough to growing communities to have development appeal. The State Land Office is intent on ensuring any development of these lands results in the highest possible benefit to the trust beneficiaries, protects the health of the land and is compatible with the local communities needs and desires.

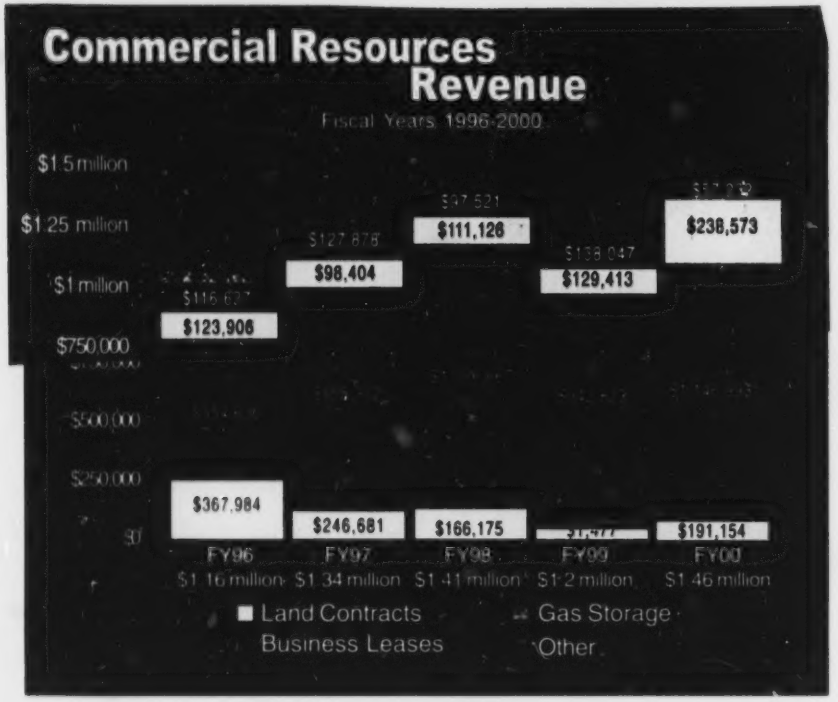
Planning and Development

Many of the more comprehensive projects have been organized under the Assistant Commissioner for Community Development. However, several years before the 1998 creation of the Community Development Partnership Program, Commercial Resources staff already were working with communities and planners on new approaches to development of trust land in urban areas. Sensible and sensitive are the key words for the State Land Office approach to large-scale real estate projects. Respect for the land, the geology, the terrain, the streams and arroyos, the flora and fauna and all other natural features are considerations. The State Land Office is applying this approach to three major projects.

The most prominent of the projects launched by Commercial Resources is Mesa del Sol. The development focuses on innovative development of urban land. Mesa del Sol is an award-winning model for sustainable development on 12,400 acres in south Albuquerque, mostly east of Interstate 25. State Land Office staff planned Mesa del Sol to include an employment center, an urban center, a retail business district, a mixed-used community center, and nine villages with multiple neighborhoods. Mesa del Sol's first phase of development was built in partnership with Bernalillo County and the private sector. The



Opening night at Mesa del Sol Amphitheatre: The only venue of its kind in New Mexico, the amphitheatre at the Mesa del Sol planned community was the site of numerous, well-attended performances in 2000.



Bernalillo County Regional Recreation Complex's first phase opened in June 2000 with the Mesa del Sol Amphitheatre, the only venue of its kind in New Mexico. The second phase will include the first of 44 planned soccer, baseball and softball fields, which are now under construction and scheduled for completion in spring of 2001.

State Land Office planning and development staff won approval in March from the Edgewood Town Council for the Edgewood Center Master Plan, a plan for a 600-acre parcel of trust land in Edgewood. The approval marked the end of a yearlong planning effort by Commercial Resources staff. Edgewood Center will be a mixed-use development, with three schools, a town hall and municipal offices, a commercial area, more than 300 homes, and miles of hiking trails, parks and open space. The success of the Edgewood Center Master Plan is due to the collaborative effort among the State Land Office, the Town of Edgewood and the Moriarty Municipal Schools. The plan also has the support of the surrounding neighborhoods, which were invited to participate in the planning process from the start. The Edgewood Elementary School was already in place, and the Edgewood Middle School opened in August 2000. Construction of the new town hall and municipal offices could begin in early 2001.

The West Alameda project involves two parcels of state trust land consisting of 26 and 100 acres adjacent to the City of Santa Fe's western boundary between West Alameda and the new Santa Fe bypass, NM 599. These lands consist mostly of rolling piñon- and juniper-dotted hillsides. The goals of the State Land Office for this project are the provision of affordable housing and the coordination of infrastructure. To achieve these goals, the State Land Office is joining with other landowners, the City of Santa Fe and two affordable housing providers, to jointly master plan the site of nearly 300 acres. The first step in creating the plan will be the signing of a Memorandum of Understanding among all the parties.

During the master plan process, the State Land Office will work with its partners to create a community with affordable housing integrated seamlessly with market-rate housing, open space and trails, and possibly a small amount of commercial development. Coordinating infrastructure needs, such as a transportation plan and city water and sewer corridor, will be a key issue.

Also in the Santa Fe area, Commercial Resources is working on its second largest development project, San Cristóbal Village. Located on the Turquoise Trail in central Santa Fe

"We're happy the State Land Office has this land on the Mesa del Sol Amphitheatre: the only venue of its kind, could never have happened. We are proud to be a part of what is going to be New Mexico's next great community."

Laura Clemmer
Executive Director
Mesa del Sol Amphitheatre

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Development

The State Land Office Land Use Policy on commercial land use and development is based on the following principles:

- ★ Increase revenues to the beneficiaries
- ★ Benefit the trust
- ★ Create jobs
- ★ Conserve water
- ★ Preserve unique, accessible, open spaces
- ★ Recognize the limitations of an and environment
- ★ Preserve the best farmlands
- ★ Seek public input
- ★ Put the trust lands to their highest and best use

County, approximately one mile south of the intersection of NM 14 and the new Santa Fe bypass, the 1,800-acre site for San Cristóbal Village has magnificent views of the Sangre de Cristo, Ortiz and Jemez mountains. The land alternates between wide arroyos and gently sloping terrain and is largely grassland.

The master plan for the site calls for mixed-use villages patterned after the character of traditional Northern New Mexico villages. The plan calls for about 50 percent of the site to be preserved as open space, essentially preserving the arroyos that surround the site and creating a buffer for the developable areas. The 30-acre village and commercial center with frontage on NM 14 is the core of the development. Another 64 acres of commercial uses are scattered throughout the neighborhood plazas. The residential areas will consist of a mixture of housing densities and types, with a strong emphasis on affordability. Single-family homes, duplexes,

Mesa del Sol: Livable Community of the Future

Mesa del Sol, the flagship planned community project of the State Land Office, embodies the principles that guide commercial development projects on trust land. Commissioner Powell and the State Land Office planners envision a community where quality of life and respect for nature are the highest priorities and where neighborhoods promote a sense of community. Planning for Mesa del Sol began with developing an understanding of the land and how people live together in settlements. The master plan for the 12,400-acre site in southeast Albuquerque fully blends the dual objectives of protecting the environment and accommodating the needs of the residents. It is governed by the integrated, sustainable approach to development known as "new urbanism."

Mesa del Sol will include generous open space easily accessible by walking and biking trails. Residential areas, commercial areas, a retail district, a job center and a mixed-use community center will be located to minimize the need to travel by car and linked by roads, paths, possibly light rail and other public transportation. It also has water conservation and land use techniques that exceed city requirements. Affordable housing will be a major component, and the community will be self-supporting and self-sustaining over time.

The master plan, which reserves 1,500 acres for job-creation centers, emphasizes jobs first and housing second to counter urban sprawl. As the only major undeveloped consolidated land area within Albuquerque city limits, Mesa del Sol is uniquely positioned to accommodate significant job and housing growth.

In addition to accommodating large-scale economic development, the plan's inclusion of small commercial centers within walking distances to housing will encourage small-business growth. State-of-the-art telecommunications infrastructure will allow home-based businesses to participate in the global economy. Mesa del Sol is close to Kirtland Air Force Base and Sandia National Laboratories with easy access to downtown Albuquerque, the airport and Interstate 25. When completed, the Mesa del Sol employment district will become part of the Albuquerque technological triangle that includes the University of New Mexico and the Sandia Science and Technology Park.

Development of the Mesa del Sol site started with construction of the 624-acre Regional Recreational Complex, which includes 44 sports fields and an outdoor amphitheater. The amphitheater, designed with "dark skies" technology, is turning into a significant employer in the area and is expected to generate hundreds of thousands of dollars for the trust beneficiaries.

Next fiscal year, the community master plan will be submitted to the Albuquerque City Council for approval.

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compounds and live/work units will all be included among the 2,800 dwelling units. Residential and commercial areas will be in a pedestrian-friendly environment, and each neighborhood and plaza will be within easy walking distance to parks and recreation areas. In addition, 63 acres will be reserved for schools, churches and other special uses.

A 60-acre portion of San Cristóbal Village already is leased to the County of Santa Fe for a business park. The purpose of the business park is to accommodate job creation by providing appropriate planning of land to those entities that desire a business-park environment in the Santa Fe area. Special emphasis will be made to attract tenants whose activities conserve water. Certain incentives may be offered to those businesses that can provide stable, long-term employment opportunities to residents of Santa Fe County. The Santa Fe County Economic Business Park Master Plan, the guiding document for development within the business park, has been adopted by the State Land Office and Santa Fe County. The State Land Office anticipates the master plan for San Cristóbal Village will be reviewed and adopted by Santa Fe County in early 2001.

Commercial Resources planning and development staff have been working very closely with a potential anchor tenant for the Mesa del Sol Eco-Industrial Park. The park emphasizes the wise use and reuse of natural resources and by-products of industrial processes with particular attention to the recycling of water for use by other businesses, industry, and parks and recreation. The basic philosophy behind eco-industrialism is based on the economics of the exchange of by-products — one company's waste becomes a source of energy or raw material for another product. In cooperative efforts, firms save money by saving energy, reducing industrial waste and increasing resource efficiency.

A business relationship with the State Land Office offers certain advantages: The lessee can be exempt from property taxes on the land; all authorized improvements are owned by the lessee; and lease rentals can be structured to assist in the acquisition of financing to lower the "front-end" cost of development. Staff has concluded that, for successful development, the property must be well-positioned, the property must be in demand, and the local government must have a mutual interest in development.

Commercial staff is working on creating a database on the properties appropriate for the Community Development Partnership Program. It will describe certain attributes of the available properties and demographic data of the local communities. The information gathered will be incorporated into the Geographic Information System for future reference and for presentation to individuals and companies inquiring about business leases. The database will include information on the location of trust land relative to communities, the location of infrastructure such as water, electric, sewer, gas and telephone lines; the availability of fiber optic lines; and the proximity of the nearest paved roads or other access roads. Other information will cover the terrain and the presence of any known threatened or endangered species or archaeological sites. This will assist the State Land Office and New Mexico's communities in creating a readily available marketing tool.

Other Revenue Programs

The Commercial Resources organization manages a total of 558 active business leases, including 196 related to the oil and gas industry. The leases on 19,498 acres generated revenues of $1.146 million 2000. The number of oil- and gas-related leases was up from 188 the previous year.

Commercial Resources generated another $3,850 from 154 recreational permits, and about $24,000 from its portfolio of billboards.

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Community Development

Assistant Commissioner
Harry N. Relkin

Providing New Opportunities

Guided by its commitment to the careful management of state trust lands, the State Land Office wants to help communities meet their future needs through the development of leasable trust properties within the path of growth. The State Land Office is dedicated to the sustainable use of these properties to ensure our state's precious legacy of trust lands is maintained for our children's future.

Commissioner Powell in 1999 initiated the Community Development Partnership Program to work with the more than 100 New Mexico municipalities and 32 counties that have trust land near or within their boundaries. About 50,000 acres of trust land, or about one-half of one percent of all trust lands, have been identified near growing communities statewide as having potential for accommodating the needs of these communities.

The State Land Office wants to work with communities to develop this trust land in keeping with those uses the communities themselves have identified as important to their long-term viability. This initiative benefits the community by meeting their local needs for economic development, affordable housing, and recreation.

Now, as in the past, the majority of trust land revenue is generated from oil and gas production on trust lands. But oil and gas are finite resources. Quality development projects provide a means to generate long-term revenue for the trust and to ensure the long-term health and productivity of the trust land for generations of beneficiaries.

The Community Development Partnership Program already has completed several successful projects in communities throughout the state. Numerous other projects are in development. In Silver City, 37 acres of trust land were used to create Altamirano Park, a new recreational site with ball fields and soccer fields. The recreational park was created in partnership with Silver Consolidated Schools. The park was built on vacant land. Beneficiaries are now receiving revenue for lands that had been idle. The sports complex will serve more than 800 school children, as well as the broader community. Because of good land use planning, adjacent trust lands are now ready for commercial use.

In Edgewood, the new Edgewood Middle School was built on 40 acres of state trust land. Now the remaining 560 acres in the section have been approved for use as a new town center with recreational, residential and commercial areas. Nearby, the Solana Housing Development is planned for 640 acres of trust land that will one day be home to some 300 families. The project is being planned in partnership with the private developer North 217, Ltd.

In the Four Corners region, meetings are underway concerning use of trust land in the tri-city area of Farmington, Aztec, and Bloomfield as a business park and commercial center, which will provide more job opportunities for New Mexicans.

In Sunland Park, the State Land Office is working with the nonprofit Tierra Madre, the City of Sunland Park, and the federal Fannie Mae program to make affordable housing a reality on 20 acres of state trust land. This unique, sustainable community will feature 47 straw-bale homes, built largely by the occupants and owned by them. The community will be built using resource and land conservation methods, including permaculture design, solar placement, solar water heaters, water harvesting techniques, grey water systems, as well as community open space, day care, a park, and gardens. The first home already is built and more homes are under construction.

Currently, the State Land Office and the City of Santa Fe are working on a Memorandum of Understanding with private landowners to plan an area in west Santa Fe that includes state and private lands. This plan will help locate affordable housing on state trust lands.

As a result of a land exchange with the City of Las Cruces, the State Land Office now has prime acreage within the West Mesa Industrial Park along Interstate 10 in west Las Cruces. The

State Land Office is jointly marketing the property with the City of Las Cruces to create new income for the trust and new jobs for Las Cruces. Near Ruidoso, state trust land is under consideration for an environmentally oriented resort community development with a private developer.

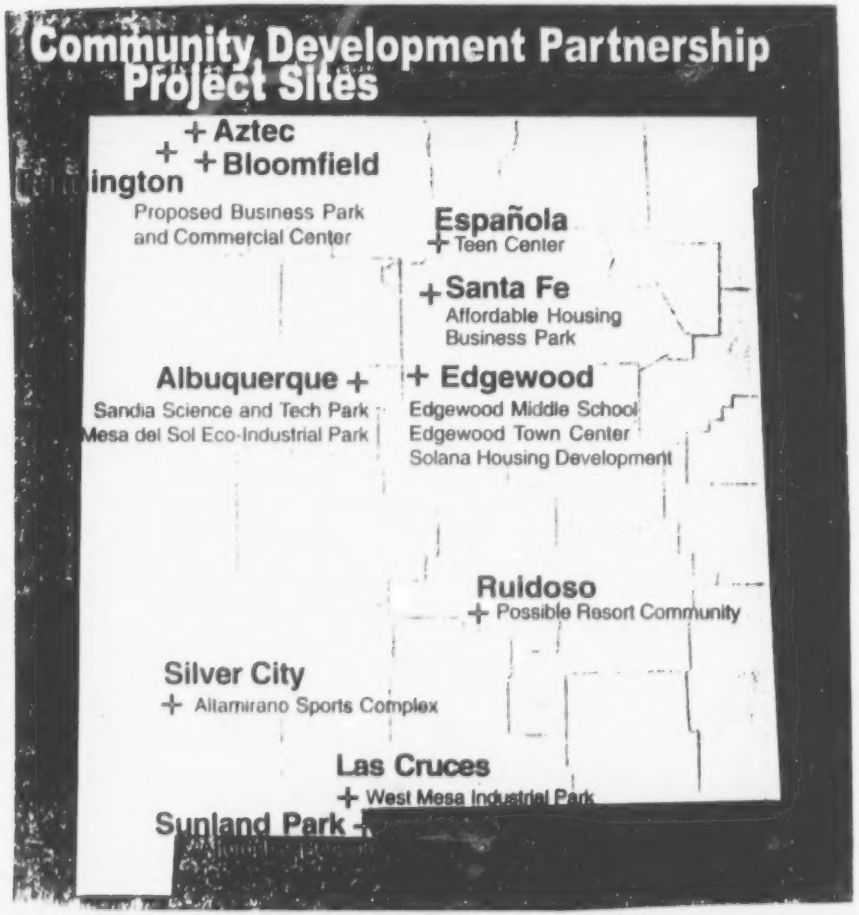
In other efforts, the State Land Office has signed two Memoranda of Understanding with Sandia National Laboratories. On February 28, 2000, one memorandum set aside state trust land for location of the Sandia Science and Technology Park. Other participants are the City of Albuquerque, Albuquerque Public Schools and a private landowner. The memorandum created a private sector outlet for marketing technology produced at Sandia National Laboratories. A second memorandum was signed to address specialized technology businesses with potential for locating at Mesa del Sol's eco-industrial park.

A partnership with local government and a private non-profit organization resulted in breaking ground for a new Teen Center on leased state trust land at Arroyo Seco, near Española. The new facility will not only benefit the youth of northern New Mexico by bringing much needed services to the region, but will also generate revenue to support education.

A partnership between the State Land Office and the private sector will help make it possible for EMCORE Corporation to expand its operations in Albuquerque, resulting in the creation of hundreds of new jobs over the next few years. EMCORE Corporation, which manufactures solar cells to power satellites and space stations, plans to expand its present facility at Sandia Science and Technology Park. Phase one of the expansion began in summer of 2000. Phase two will involve construction of a new facility on 10 acres of adjacent trust land and could be completed as early as June of 2001.

Outreach efforts to develop more projects with New Mexico communities are taking place in Angel Fire, Clovis, Fort Sumner, Hobbs, Ramah, Rio Rancho, Ruidoso, Truth or Consequences, and Tucumcari.

All of these projects will result in quality jobs for New Mexicans, additional recreational opportunities for residents, and quality housing while providing new monies for education.



"The new Teen Center at Arroyo Seco, located on state trust land, is a win/win situation for the state land trust and the community. This is the first facility to be constructed with a main focus on educational and recreational programs. When completed, it will be of great benefit for all the youth in the valley."

Harry Montoya
President CEO
Hands Across Cultures
Corporation
Teen Center Arroyo Seco

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Resources

Assistant Commissioner

Surface Resources Division

Field Operations Division

Records Management Division

Sustaining the Land

The Surface Resources organization manages renewable resources and sustainable activities on state trust land. It also works to enhance the environmental quality of the lands as well as to manage the biological, archaeological and paleontological resources. The organization administers agriculture leases, rights of way and special access permits. It is also responsible for mapping, surveying, geographic information systems and records management. The organization's Field Operations Division provides support and services to other divisions of the State Land Office with expertise, analyses and data collection. The Records Management Division is often the initial contact point for the public.

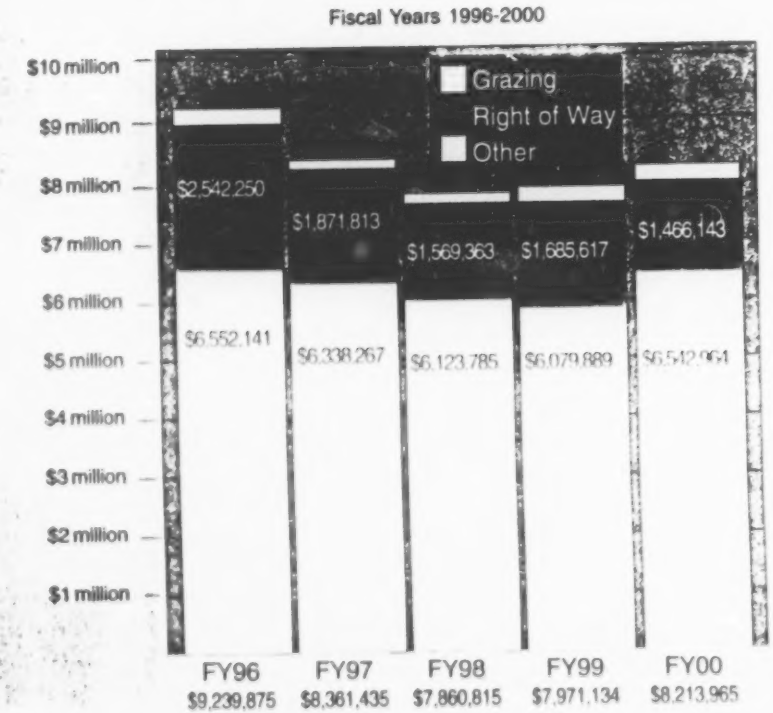
Field Operations Division

The Field Operations Division has district resource managers in 13 district offices statewide. Experts on real estate appraisal, range conservation, environmental sciences, biology, surveying, geographic information systems, archaeology and engineering are in Santa Fe. The division provides field and technical support for numerous statewide State Land Office programs and initiatives. The staff gathers information, compiles databases and analyzes proposals ranging from the development of commercial centers to the formulation of environmental restoration plans.

With assistance from employees throughout the State Land Office, lessees, local government agencies and volunteers, the division engages in a variety of efforts to enhance the quality of the environment. With just 14 district resource managers, the program relies heavily on a cooperative working relationship with the leaseholders.

Much of the effort to improve the environment is focused on riparian areas, the areas along streams critical to the health of the watershed and the land. The Field Operations Division has Riparian Improvement Program projects throughout the state, including at Macho Creek in Sierra County, Bluewater Creek near Grants, Pump Canyon near Aztec, Maudes Canyon near Silver City, Santa Fe River in Santa Fe, and Monticello Canyon near Truth or Consequences.

Surface Resources Revenue



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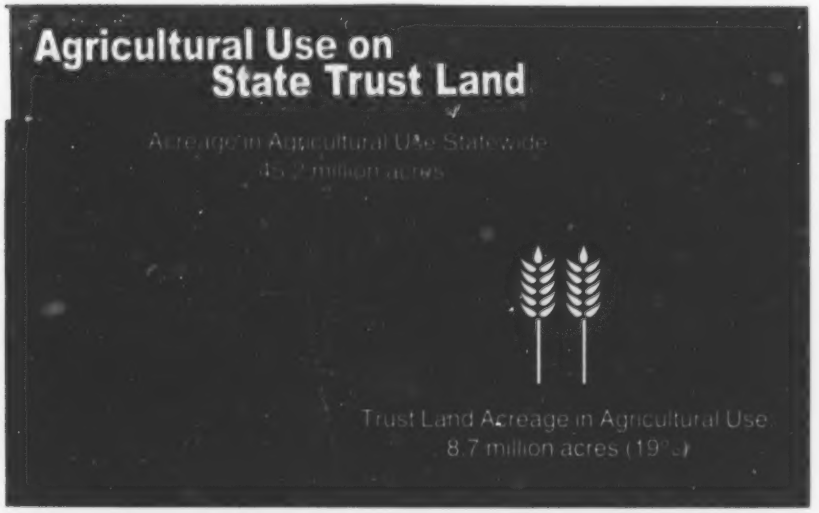
Agricultural Use on State Trust Land



Other projects aimed at improving the environment include increasing the availability of water to wildlife. Water availability for wildlife is critical in many parts of New Mexico. Steep-sided metal watering tanks on southwestern rangelands can be a death trap for birds and mammals. The State Land Office, Quail Unlimited and agricultural lessees are cooperating in an effort to construct access and escape ramps on livestock watering tanks located on state trust land. The simple structures do not interfere with livestock watering and help to prevent water contamination due to decomposing wildlife carcasses.

A related project is the result of a cooperative effort among the State Land Office, Wild Turkey Federation, Rocky Mountain Elk Foundation, local lessees, state Department of Game and Fish and U.S. Forest Service. The groups worked together to airlift a 6,000-gallon water tank weighing 1,400 pounds to the top of Luera Peak, on state trust land near Socorro. The tank will be used to provide a permanent water source for wildlife such as deer, elk, wild turkey, bear, mountain lion, quail and songbirds. The tank will capture snow and rainwater and store it year-round. The water will be distributed through a network of pipes and valves to a holding trough that is easily accessible by wildlife.

Again with the cooperation of Quail Unlimited and agricultural lessees, the State Land Office is identifying areas where water availability is limited to times of the year when pastures are stocked with cattle. In these cases, with the assistance of the lessee, arrangements are being made for water to be available year-round for wildlife.

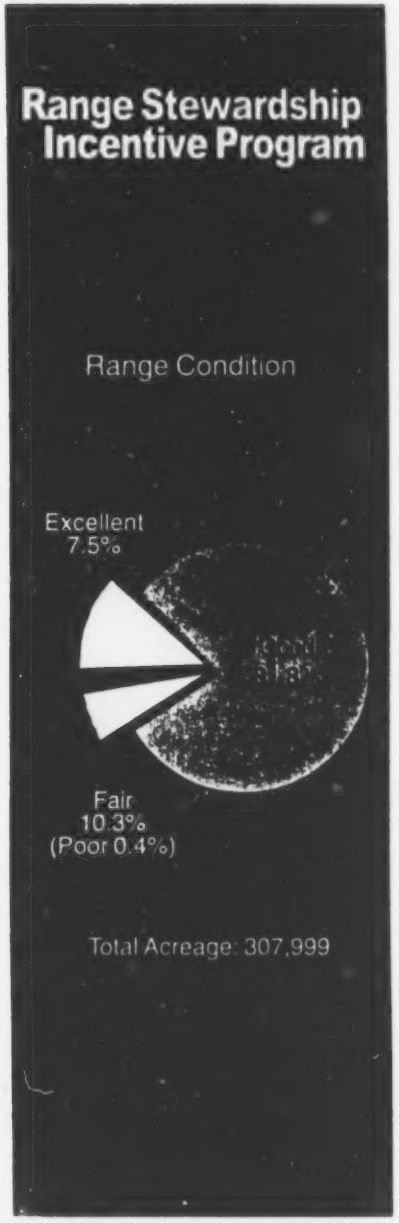
To address another environmental concern, the Field Operations Division helped develop several options for lessees to manage watershed properties. Drought-fed fires and the threat to watershed forests during the 1999-2000 fiscal year generated public attention to the health of the state's watersheds and the need to practice some form of active management in some cases. Depending on the location and proposed activity, the federal Natural Resources Conservation Service has technical and funding support available. The State Land Office also provides technical and economic incentives. Economic incentives may include providing improvement value credit for the investment, cost deferment through fuel wood sales, or support for cost-share funds available through various federal programs.

The Field Operations Division during the 1999-2000 fiscal year continued its efforts to systematically work with lessees to identify and address grazing leases in need of improved management. Careful management of grazing land has become increasingly important during the last few years of drought and near-drought conditions. The Range Stewardship Incentive Program managed by the division offers leaseholders a discount on their rentals for acreage that is in excellent or good condition and improving. Staff have reviewed 33 leases for participation during the last eight years, and all

"Grazing leases with the State Land Office and other public entities are crucial to the success of ranching enterprises in New Mexico.

"Without working together in a collective and collaborative way, we couldn't get done what we must to sustain the land and our ranches."

Gerald Chacon
Agent
New Mexico Agricultural Extension Service



Protecting New Mexico's Critical Riparian Habitat

Riparian, or streamside, habitats are rare in New Mexico but their importance to the health of the land cannot be overstated. Unfortunately, because riparian areas are always part of a larger tract of trust land, they are often managed as part of the surrounding upland areas. For riparian areas, this could result in an increase soil erosion and runoff damage and a deterioration in wildlife habitat. In addition, less moisture penetrates the ground and less water is available during dry periods.

The State Land Office is responsible not only for managing trust lands to generate income today, but also for taking care of the lands so that they generate income in the future. With just 14 field resource managers to monitor activities under 3,400 leases, the State Land Office must developed a cooperative working relationship with the lessees and rely on the users to care for and protect the land.

In the last two years, the State Land Office completed a riparian improvement program designed to provide a means to work with lessees and other parties to improve riparian areas and associated watersheds on trust lands.

Staff began working on certain priority sites even before the program guidelines were finalized. Those projects continue to progress. Monitoring at Bluewater Creek indicates cottonwood, willow, narrow leaf cotton, sumac and other trees planted in 1996 are maintaining themselves successfully and conditions are improving.

At Pump Canyon Creek, 20 miles east of Aztec, State Land Office staff and the grazing lessee built fences to protect native cottonwood and willow stock. The team removed a substantial amount of non-native Russian olive and salt cedar and planted cottonwood and willow seedlings.

At Macho Creek, the recovery team built 2.5 miles of fence to protect vegetation and protect the area from overgrazing.

Along the Santa Fe River, government agencies and local citizens are working together to reclaim and restore the river's banks. The State Land Office received a $143,000 grant from the U.S. Environmental Protection Agency (EPA) to enhance river quality. The project, a cooperative effort of the State Land Office, the city, the county and the Santa Fe Watershed Association, includes the construction of various structures to restore a natural river pattern, and the planting of more than 500 cottonwood trees. The grant is administered by the state Environment Department.

The EPA also awarded the State Land Office a grant for the Maudes Canyon site in Silver City. The State Land Office is working with Western New Mexico University, the Audubon Society and the Native Plant Society on the project. This grant also is administered by the state Environment Department.

The State Land Office is working with the lessee and local residents to enhance riparian conditions in Monticello Canyon, 30 miles northwest of Truth or Consequences. Efforts include removing non-native plants, planting native vegetation and modifying livestock management.

A flood scoured a riparian recovery site at Macho Creek in southern Sierra County and destroyed fencing built for livestock management. However, the fence was redesigned and rebuilt and vegetation recovery is under evaluation.

The division also has been working with the U.S. Natural Resources Conservation Service, local Soil and Water Conservation districts, local governments, landowners and lessees to improve watersheds on trust land. In addition to an ongoing effort to improve the Tularosa and Abo watershed, the division is working with one lessee on a pilot project that uses innovative funding of juniper removal and grass seeding.

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but three are still in the program. A total of 308,029 acres are in the program, with 22,984 acres in excellent condition, 251,999 acres in good condition, 31,637 acres in fair condition and 1,409 acres in poor condition. Acreage in a downward trend and all acreage in fair or poor condition does not qualify for the incentive. Almost all of the acreage in the program continues to qualify for the incentive.

The division continued to make progress on the Noxious Weed Management Program, designed to control and eliminate invasive, non-native plants that cause significant ecological and economic damage. The program is a cooperative effort with landowners, lessees, local governments and other land management agencies. It includes internal training and public education, control strategies, monitoring and follow-up. While preventing infestation is the most cost-effective means of preventing degradation of trust lands, the State Land Office will continue to work with the U.S. Bureau of Land Management and local and county agencies to coordinate resources and efforts where noxious weeds have become established.

The Citadel ruins near Bloomfield: A cooperative venture with the San Juan County Museum Association and the Williams Foundation resulted in the stabilization of the Citadel, a 300-year-old Navajo ancestral ruin located on state trust land. The site was in danger of collapse due to erosion from nature and visitors.

The Field Operations Division is also responsible for managing the State Land Office archaeological and paleontological programs. A cooperative venture with the San Juan County Museum Association and the Williams Foundation resulted in the stabilization of the Citadel, a 300-year-old Navajo ancestral ruin located on state trust land near Bloomfield. The site was in danger of collapse due to erosion from nature and visitors. Recognizing this, the group launched efforts to retard the deterioration and promote long-term stabilization.

The Citadel is located within the remote, high mesa country of Gobernador and Largo canyons, where a large number of archaeological sites known as "pueblitos" were built in defensive positions on mesa edges. The Citadel was added to the State Register of Cultural Properties in 1986 and the National Register of Historic Places in 1987. The site consists of two, two-story rooms of sandstone masonry connected by a covered passageway. Access to the passageway was through two doorways on the west side of the structure, one of which had been sealed by its historic inhabitants. A knee-high wall once enclosed a small courtyard. The exterior walls have holes for viewing and possibly firing arrows.

Structural repairs included replacing mortar in the joints that have eroded, capping the tops of original walls to protect them from deterioration, and extensive documentation of the stabilization efforts with before and

Field Offices

Albuquerque	Tim Callahan 841-8705
Carlsbad	Jim Carr 885-1323
Clovis	Erik Nelson 763-0796
Farmington	Richard Gallegos 326-5716
Grants	Mike Landon 287-8113
Hobbs	Leon Anderson 392-8736 Myra Meyers 392-8736
Las Cruces	Ken White 524-6885
Moriarty	Ron Ensminger 832-6213
Roswell	Richard Williford 623-4979
Roy	Dan Estrada 485-2627
Santa Fe	Marcus Garcia 827-5742
Silver City	Diego Villalba 538-9730
Socorro	Willie Lucero 835-5168

Advisory Council Members

Environment Advisory Committee

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Ned Farquhar, Albuquerque
Bob Tafanelli, Las Cruces
Edith Pierpont, Santa Fe
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Jeanie Cragin, Maxwell
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Wilfred Rael, Questa
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Bob Langsenkamp, Santa Fe
Bill Waldman, Santa Fe
Tom Wooten, Arizona
Sally Rodgers, Santa Fe
Lynda Taylor, Albuquerque
Letty Belin, Santa Fe
Cliff Larsen, Santa Fe

after photos. The San Juan County Museum, using the talents of experienced Navajo stonemasons, supervised the actual restoration work.

During the 1999-2000 fiscal year, the division also continued to work on problems left by past mining activity on trust lands. The effort to identify past and current contamination caused by oil and gas development has intensified over the last several years. The division is working with the Oil Conservation Division of the state Energy, Minerals and Natural Resources Department on data and information sharing and the coordination of remediation efforts.

Agricultural Leasing

The Agricultural Leasing section manages about 3,400 leases on about 8.8 million acres. The majority of the leases are for livestock grazing, although some of the lessees use the land for cultivated crops. Agricultural leases generated more than $6.5 million during the 1999-2000 fiscal year, an increase from the previous year due primarily to the increase in the beef market. That market is used as a factor in the grazing fee formula.

The leasing section manages the renewal and competitive bidding of agricultural leases as well as lease land improvements, subleases and lease assignments. Between 600 and 900 leases are renewed each year. Each year, the State Land Office consolidates renewal leases whenever appropriate to simplify lease administration for both the agency and the lessees.

Rights of Way

The Rights-of-Way section administers more than 31,000 active rights of way, educational easements, right-of-entry permits, water easements, water rights agreements, water exploration and development easements, and archaeological survey easements. During the past five years, the section has more than doubled the number of educational easements issued to schools that use state trust land for outdoor instruction. Nearly 60 schools now take advantage of the educational easement program. During the 1999-2000 fiscal year, the section issued 195 right-of-entry permits, available to anyone for a fee for temporary access, assigned 2,500 rights-of-way and processed 350 right-of-way applications. The section also worked with the oil and gas industry to develop and implement guidelines and procedures to address situations where expedited approval is critical. The procedures involve granting right-of-entry permits, temporary surface pipelines and verbal approval of rights-of-way. The new guidelines have made many transactions between the State Land Office and the industry more efficient.

Records Management

The Records Management Division manages and maintains the record-keeping system for the State Land Office. It also serves as the liaison office between the State Land Office and the State Records and Archives Center for storage and retrieval of historical and inactive lease records. A primary goal of the division is to ensure that records are both accurate and accessible to both the State Land Office staff and the public.

This year the staff updated the records retention schedule that guides the State Land Office in the management and control of records from their time of conception to their time of disposition. The division also installed a new space-saving filing system and a fire suppressant system in the vault to provide security and storage and to ease the retrieval of all active leases and title documents.

Also this fiscal year, the Records Management Division worked with the Mapping Geographic Information System section on a land description class for other State Land Office employees. The class was designed to help new employees learn how to read tract books as well as write legal land descriptions.

The Central Records section maintains 219 departmental tract books that contain records on all of the 16 different categories of leasing activity on trust land. The section is responsible for the management, maintenance, security, distribution and accountability of approximately 36,000 active and 90,000 inactive lease records and easements. During the 1999-2000 fiscal year, the section posted 3,080 leases to the tract books consisting of 18,480 sections, 963 agricultural renewals, and 71 sets of agricultural consolidations consisting of 78,291 sections. The section also post audited 2,623 leases consisting of 14,115 sections, made 57,642 copies

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for State Land Office employees and the public, responded to 2,193 telephone information requests, microfilmed 2,603 transactions consisting of 26,520 images and retrieved and distributed 14,454 files.

The Title section maintains the 90 Master Title tract books containing brief abstracts of the history of the more than 13 million acres originally granted to New Mexico under the Ferguson and Enabling acts. These records reflect all acquisitions, as well as conveyances, losses and gains incurred through sales, condemnations, exchanges, and survey adjustments. The Title section prepares all title searches that involve any transfer of land pertaining to state trust lands and helps prepare documents important to any legal actions related to estates administered by the Commissioner of Public Lands.

During the 1999-2000 fiscal year, the section completed the title search for both the Chaco Culture National Monument exchange and the Petroglyph National Monument exchange. In the Chaco exchange, the State Land Office conveyed 2,384.96 acres of state trust surface and subsurface estates and acquired 1,911.92 acres. In the Petroglyph exchange, the office conveyed 123.848 acres of state trust surface and subsurface estates and acquired 951.06 acres.

Title staff currently is creating a database that will contain information on all State Land Office issued patents. This section is also responsible for the land maintenance program of ONGARD, the Oil and Natural Gas Administration and Revenue Database. The program is updated regularly to reflect correct acreage, legal land descriptions, designated beneficiary and ownership status.

The Archives section of the division stores approximately 41,000 inactive lease records. Archives is responsible for all inactive leases as well as storage of files containing correspondence from previous administrations and personnel records. This year, 121 boxes meeting the state records retention schedule requirements were transported to State Records Center and Archives for review and destruction. Also this year, the Title and Archives sections worked together to transfer more than 100 volumes of land and beneficiary records to the state archives. The books dating from the late territorial period to statehood will be microfilmed so the public will have access to the information without risk of damaging the originals. These historical records will be maintained under optimum environmental conditions.

Seeing the Big Picture: The Asset Inventory

While management of trust lands in the past primarily has focused on grazing and oil and gas development, the State Land Office has come to realize its assets are more broad. State Land Office staff this year made significant progress on the statewide asset inventory and management program, which will produce a comprehensive inventory of all state trust land.

The asset inventory will be invaluable in making informed decisions on managing the land for the benefit of the trust's recipients of today and the future. Staff this year completed electronic mapping of all trust land surface and subsurface mineral estates. They also have begun work on mapping lease information, starting with commercial and historic sand and gravel leases.

Staff also completed inventories of biological habitat, archaeological and paleontological sites, and natural resources by collecting information from already existing sources, including databases at universities and museums in New Mexico.

All information will be integrated into the Geographic Information System database for computer-aided analyses and mapping.

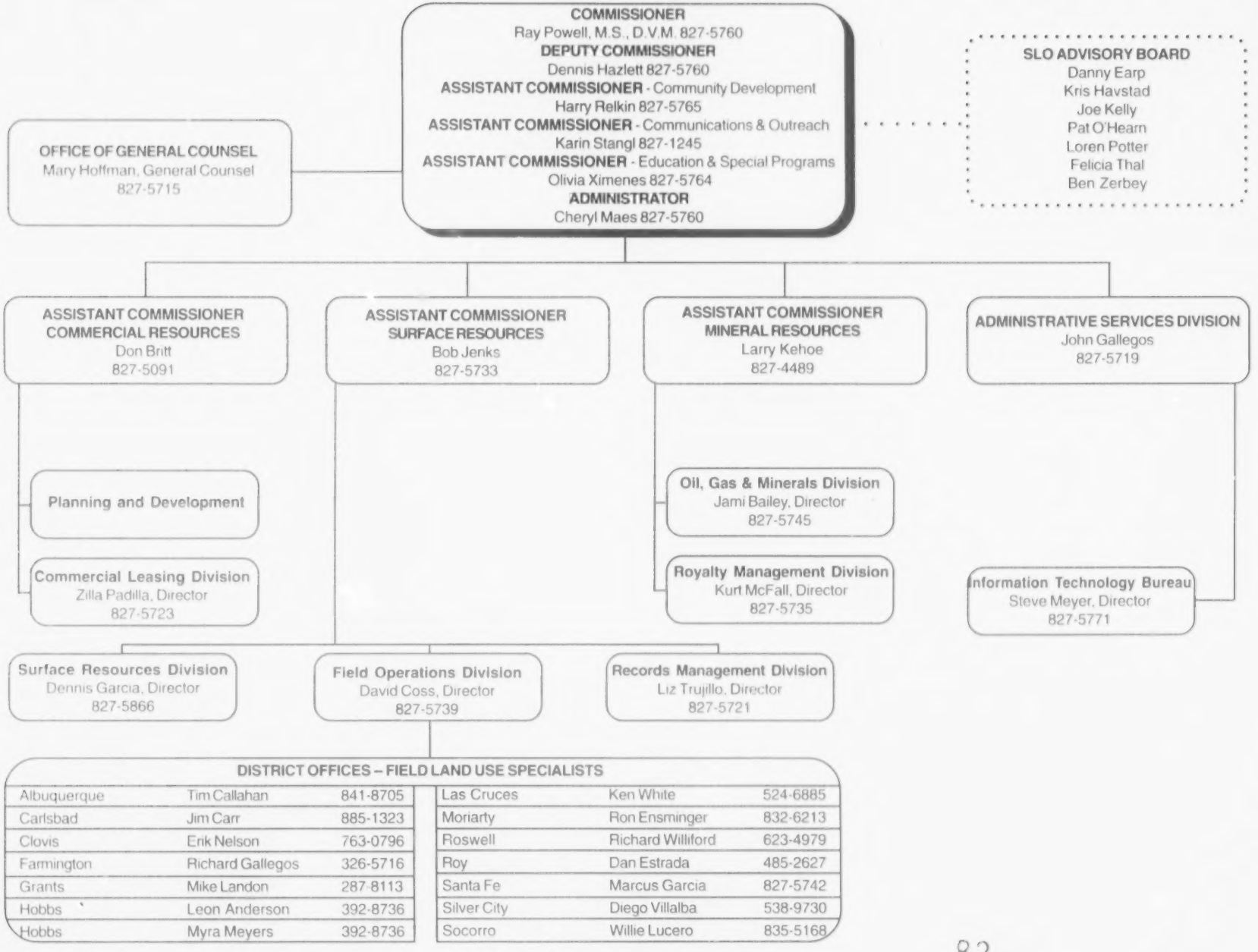
Advisory Council Members

Agriculture Advisory Committee

Gerald Chacon, Santa Fe
Leon Autry, Mountainair
Bob Frost, San Jon
Bill Lee, Lovington
Joe Bill Nunn, Deming
Dave Sanchez, Espanola
Felicia Thal, Buena Vista
Bill Sauble, Maxwell
Brett Sterling, Tatum
Jim Winder, Deming

Sportsmen Advisory Committee

Bobby Gamble, Hobbs
Bill Huey, Tesuque
Dale Jones, Belen
Bob Nordstrom, Albuquerque
John Moen, Mesilla Park
R.L. Posey, Mayhill
Sanford Schemnitz, Las Cruces
Bill Zeedyke, Sandia Park
James C. Harrelson, Cedar Crest



DISTRICT OFFICES – FIELD LAND USE SPECIALISTS

Albuquerque	Tim Callahan	841-8705	Las Cruces	Ken White	524-6885
Carlsbad	Jim Carr	885-1323	Moriarty	Ron Ensminger	832-6213
Clovis	Erik Nelson	763-0796	Roswell	Richard Williford	623-4979
Farmington	Richard Gallegos	326-5716	Roy	Dan Estrada	485-2627
Grants	Mike Landon	287-8113	Santa Fe	Marcus Garcia	827-5742
Hobbs	Leon Anderson	392-8736	Silver City	Diego Villalba	538-9730
Hobbs	Myra Meyers	392-8736	Socorro	Willie Lucero	835-5168

New Mexico State Land Office
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